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ABSTRACT

This is a report of hearings held in Indianapolis, Indiana, on August 25 and 26, 1981, before the Subcommittee on Employment and Productivity on employment and training programs and the Comprehensive Employment and Training Act (CETA), which expires at the end of September, 1982. The focus of the hearings is examination of objectives of employment training policy and the relationship between federal, state, and local governments in funding, design, and administration of employment and training programs. Testimony includes statements and prepared statements from 40 individuals representing the Indianapolis Alliance for Jobs; Division of Vocational Education, State Department of Public Instruction (Indiana); Minority Economic Resource Corp.; Office of Employment and Training, Chicago, Illinois; Minnesota Prime Sponsor Association; Rural Minnesota Concentrated Employment Program, Inc.; Governor's Committee on Youth Employment; Illinois Occupational Information Coordinating Committee; Indianapolis Urban League, Inc.; Central Indiana Chapter of American Society for Training and Development; Indiana Women's Agenda for Action; Division of Vocational Education, State Department of Education (Ohio); Department of Labor (Michigan); National Association for Human Development (Indiana); Association of Indiana Employment and Training Administrators; National Center for Research in Vocational Education; Illinois CETA Directors Association; and various businesses and industries. Eighteen other prepared statements, reports, and letters are appended. (YLBO)

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EMPLOYMENT AND TRAINING PROGRAMS IN THE UNITED STATES, 1981

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

EXAMINATION ON OBJECTIVES OF EMPLOYMENT TRAINING POLICY AND THE RELATIONSHIP BETWEEN FEDERAL AND STATE, AND LOCAL GOVERNMENTS IN THE FUNDING, DESIGN AND ADMINISTRATION OF EMPLOYMENT AND TRAINING PROGRAMS

AUGUST 25 AND 26, 1981
INDIANAPOLIS, IND.

PART 2

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EMPLOYMENT AND TRAINING PROGRAMS IN THE UNITED STATES, 1981

TUESDAY, AUGUST 25, 1981

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Indianapolis, Ind.

The subcommittee met, pursuant to notice, in second floor courtroom, U.S. district courthouse and old Federal building, 46 East Ohio Street, Indianapolis, Ind., commencing at 9:05 a.m., Senator Dan Quayle (chairman of the subcommittee) presiding.

Senator QUAYLE. We will come to order.

It is, indeed, my privilege and pleasure to open up a series of hearings around the country on employment and training issues and on the aspects of CETA that confront us.

We will be conducting a series of hearings, not only in Indiana—where we have 2 days scheduled—but we are going to have some hearings in the Northeast, and the Southern part of the country, and eventually out West.

We have culminated 4 days of hearings in Washington.

The subcommittee, which I chair, is the Employment and Productivity Subcommittee.

The issue that we face today and we will hear testimony about concerns training. We have a tax cut and a budget reconciliation package, that I am hopeful, and confident, will help stimulate the economy and generate jobs, primarily in the private sector.

Today, the issue that we are pursuing in these hearings is ways of preparing the disadvantaged for productive employment.

Second, we must find ways of transforming our delivery system from one in which the focus is on compliance with technical rules into one in which performance is what counts.

And, finally, for me, the overriding issue and the real, the tough nut to crack, as they say, is one to define the role of Government in this endeavor. What is the role of the Federal Government? What is the role of the State government? What is the role of the local government? And what is the role of the private business and private industry? And how are we going to provide training and employment opportunity to those that don't have it?

Those are some pretty tough questions.

In the past, we have had responses. We have had CETA, vocational education, employment services. No doubt about it that, justified or unjustified, there has been much criticism of these programs, how they worked, how they have operated, whether they have been efficient or not.

Today, our first witness is not only a very capable individual, who happens to be the first person in the State of Indiana, Gov. Bob Orr, but also a dear friend of mine. He has been intimately involved in the reforming of government, and working with us at the national level from his perspective at the State level, on the idea of block grants. He has been a leader in our discussion dialog on block grants versus categorical grants, and I am looking forward, as I'm sure you are, to his testimony on the training issues.

And, so, at this time, it is my privilege to call forward as our first witness to these hearings, the outstanding Governor of the State of Indiana, Gov. Bob Orr.

STATEMENT OF HON. ROBERT D. ORR, GOVERNOR OF THE STATE OF INDIANA, ACCOMPANIED BY DONALD K. GENTRY, EXECUTIVE OFFICER, STATE BOARD OF VOCATIONAL AND TECHNICAL EDUCATION; HALTON HAYES, DIRECTOR, EMPLOYMENT SECURITY DIVISION; WENDELL J. WALLS, STATE DIRECTOR, REHABILITATION SERVICES BOARD; AND LINDA R. JESTER, EXECUTIVE DIRECTOR, INDIANA OFFICE OF OCCUPATIONAL DEVELOPMENT

Governor **Orr**. Thank you, Mr. Chairman.

Senator **Quayle**. And we will have to let the media get the microphones from the judge's bench down to the Governor's chair. It is not a bad place to have a hearing.

Governor **Orr**. It is a very good place to have hearings.

I thank you for the early start of these hearings, and I will apologize ahead of time for the fact that it will be necessary for me to leave rather abruptly after I finish my testimony and answer your questions. I have the good fortune this morning to go to Columbus, Ind., to assist in a ground-breaking ceremony for a new industry, Claas of America, a German company making an investment in Columbus which ultimately will result in employment of about 500 people to make farm combines. And I am happy to indicate that part of the selling approach to Claas was the ability of the State of Indiana to provide a unique way to train and retrain workers.

So, I will be on my way to Columbus shortly after I finish here.

Let me say that I am pleased to be asked by Senator Quayle, our new Hoosier Senator, to appear here and to share my ideas.

While presently functioning as Governor, it should be noted that I am no stranger to the area of job creation and economic development. For 8 years, while serving as Lieutenant Governor, my major responsibility for the State of Indiana was job creation and economic development. Even now, in my present role of Governor, I continue to work closely with Lt. Gov. John Mutz on programs related to economic development and job creation.

I need to pause for a moment to say that John Mutz is doing his duty as commissioner of agriculture this morning at Ag Day at the State Fair. He asked me yesterday to convey his regards and to indicate that I am testifying for his office as well as my own.

I also want to note that Indiana, at my insistence and with the creative support of the department of commerce, has placed job creation at the top of its agenda for the decade of the 1980's.

We believe our primary task is to do the kind of economic development job which will provide the jobs needed for Hoosiers in the future.

We have selected a Governor's Council for Economic Development, most of whom are here. The council's members include the department of commerce, headed by the Lieutenant Governor; vocational and technical education board, represented by Don Gentry; the Indiana Office of Occupational Development, represented by Linda Jester, its director; the rehabilitation services board, represented by Wendall Walls, its director; the employment security division, represented by Dave Purcell, its assistant director, and the superintendent of public instruction and his vocational education division. The council represents a marriage between job training and economic development and I am happy to advise you that we have very good coordinative effort.

To that end, with enthusiasm and the bipartisan support from the general assembly, Indiana has a whole new set of tools with which to pursue its job creation agenda. Some of these tools are extensions of previously existing programs. Some are totally new, and some are exceptionally creative.

I won't bother you with details, but I want you to know that our conscious decision to pursue job creation, to target effort to creation of small businesses and to stress development of high technology jobs now has a statutory base and legislative blessing.

It should be no surprise that Indiana has placed job creation at the top of its agenda.

Unemployment in the Hoosier State reached a high of 11.7 percent in June of 1980, when the national average was 7.5 percent.

Even in June of 1981, Indiana's unemployment stood at 9.1 percent against the national average of 7.3 percent.

There are many reasons why Indiana has been impacted more severely than the Nation as a whole. The principal one, in our view, is that Federal policies that produced double-digit inflation and high interest rates more severely impacted States which are industrialized, as Indiana is, and particularly hurt States with a durable goods orientation, which also fits Indiana. When in a recession in durable goods develops, as it did in late 1979, Indiana has generally tended to be affected more drastically than other States.

However, I should add that we are confident that Indiana will rebound well. We are pleased, as you are, that the right steps are being taken in Washington to make national recovery a reality.

We believe the underlying economic factors which influence Indiana's ability to compete with other States in job creation activity places us in a highly competitive position. We have many pluses which will work in Indiana's favor when national recovery begins. We have the tools to capitalize on recovery. We intend to be ready to take advantage of national recovery once it begins to materialize.

In so doing, we need Federal programs which provide mechanisms which link all agencies at all levels together in a coordinated effort to educate, train, retrain, and then place individuals in productive jobs. Coordination and communication may have the doubly-beneficial effect of making a program, such as CETA as an example, more effective and less costly.

In Indiana, both formally and informally, we have developed linkages between State agencies involved in skill training and economic development with some successes.

More needs to be done, but we have made a good start in this administration, and we have made progress.

An overall training and employment policy, which should relate to a specific program like CETA, should have these objectives:

One, it should encourage the creation of new jobs in the private sector and should encourage the use of private sector training skills to the maximum extent possible.

Two, it should provide training and retraining services to those who need them. Retraining of skilled workers in industrial States like Indiana is particularly important in putting people back to work and in satisfying the needs of industrial development prospects. For those reasons, it should be targeted to unemployed and underemployed persons and to areas with chronic unemployment problems.

Three, it should have as its controlling objective to train and place people in permanent jobs in the private sector.

To accomplish these objectives, it seems to me that policy enacted by the Congress needs to include certain elements.

There needs to be an elimination of disincentives to undergo training and accept work. There are actual disincentives there, as we all know.

In other words, we must adopt as national policy a position which makes it more profitable and more acceptable to work than not to work.

We must institutionalize coordinative and communicative mechanisms which will put all agencies involved in economic development and in job training and job placement into the same equation.

We must create incentives for private sector involvement and eliminate any existing disincentives.

Similarly, there should be a sorting out of roles in this area between the various levels of government.

The Federal Government, through the Congress, should establish overall policy and define the scope of the job training and employment program.

State governments must be allowed to tailor policy to State requirements. They should establish performance standards and create mechanisms which will link State programs to the Federal Government's economic recovery efforts.

The State should be free to tailor its own approach to its own needs, and should not be hamstrung by Federal dictates, either from the Congress or from an administrative body.

Local agencies involved in the program should have the flexibility to design programs which meet the specific needs of the locality where they operate.

In my view, consideration should be given to consolidating all presently existing employment and training programs into a block grant program for States to administer with minimal Federal restriction. Such an approach could reduce duplication of effort and services which now exist because employment and training programs emanate from a variety of Federal agencies, each of which has its own agenda and its own differing set of administrative procedures and requirements.

Let me make the point that our Governor's Council on Economic Development is intended to do that here in Indiana. I suggest it as a valuable means by which things can be properly coordinated.

It is important to stress that there is public interest in helping unemployed and underemployed individuals move into productive jobs. It is an interest which is shared by the Federal Government, the State governments, and localities within the States.

Our shared interest dictates that we develop a strategy which brings every available resource and every available force to bear on the problem of chronic unemployment or underemployment. Our human resources are the most important resources we have.

We are losing some of that precious resource as long as we permit unconscionably high rates of unemployment to continue to exist among young blacks or among other groups with chronic unemployment or underemployment problems. We must relate these problem areas to economic development efforts.

Through such innovations as enterprise zones, State and Federal statutes must establish incentives to encourage private enterprise to gravitate to economically distressed locations.

The United States of America has a scatter shot, uncoordinated, temporary approach to this significant problem and it has had that in the past.

The United States needs to develop a targeted, permanent, coordinated effort, joined with the States, which will begin to reduce the size of our employment and training problem, and make it more manageable in the future.

I fully recognize that this is not an easy task to accomplish, and that there are many facets to the problem which must be considered.

I congratulate Senator Quayle, and members of this committee, for undertaking these hearings around the country, and hearings which are likely to produce some basis on which to formulate a new national policy on job training and employment.

In the spirit of renewed federalism, thank you for encouraging me to participate in your deliberations. I will be happy to continue to be of help, if I can be, and I will be happy to answer any questions which you might have.

Senator **Quayle**. Thank you very much, Governor, and thank you for your continued involvement in economic development and job creation. Thank you for your announcement about Columbus, and your testimony here today.

And I have enjoyed working with you as we strive for the renewed federalism, as you so aptly put it.

One question I have, and we have had this in hearings in Washington where we had State officials testify. From your testimony I gather that you would envision the new CETA system working ideally as basically block granted to the States, and then the States would, in turn, turn it over to the local level.

Governor **Orr**. Correct.

Senator **Quayle**. Now, I think the way it is set up is that for a city over 100,000 population they deal directly with the Federal

Government, and the State is only the prime sponsor for those that are under 100,000.

Governor **Orr**. Correct.

Senator **Quayle**. I wonder how, under that type of a system, would the States work with the local communities. Could you amplify a little bit on the interaction, because that's the one concern that we have had. We discussed this privately, that some of the local communities say, "Well, we are not sure we really want to deal with the States. We want to deal directly with Washington."

So, I wonder if you might, as Governor, as somebody that has been involved in block grants and the new federalism, explain the interaction and intercourse that would take place between the States and the local communities.

Governor **Orr**. Very good question.

This is uppermost in the concern of a lot of mayors and a lot of community people in bigger cities throughout the country and not just here in Indiana.

Let me make the point that our programs in this State, for example, the Indiana Office of Occupational Development in its handling the CETA programs deals with 63 counties in the balance of State, as it is called. There are communities there of size. We have had a long-time working relationship with many of them, we have joined with them, and I think they would indicate generally speaking that they have had good service from us.

It is my effort, at the present time, to assure that they have improved service both because I strongly believe that this is necessary and because the whole block grant concept depends upon the ability of State government to convince the public that we mean business in accepting our responsibilities as those responsibilities are passed along to us by the Federal Government and by the Congress.

I am confident that we will be able to establish a means by which we can work together. Even now, we are in the process of putting together a series of task forces to function on the block grants that are coming to us as a result of recent action of Congress.

And as recently as yesterday, I was at work with some of my staff in the appointment of people to those task forces representing local government. We were endeavoring to assure the fact that we had an ample number, that they were distributed among the various kinds of communities, big and small, and that we also do our part to assure that they can participate in the decisionmaking process.

The best way I can answer you, so far as a block grant for CETA is concerned, is that it will come on subsequent to the others and that I would hope that by the time you take action in Congress it would be demonstrably clear to Congress that the Governors intend to make the block grant concept work.

Senator **Quayle**. You would not envision any problem as far as the State working with the cities, basically, the ones over 100,000 and to having them involved, as far as planning and problem identification is concerned. Right now the State is working with the local committees in 63 counties?

Governor **Orr**. That is what we have at the present time, yes.

And the other ones are related to the SMSA's, and we do not have primary responsibility there.

I would not be so bold as to say there would be no problems. There would be challenges which we would welcome. It will not be easy. Communities have learned to work with the Federal Government, so it is much easier for them to continue to do so. However, I believe in the interest of reducing the cost of Government and bringing about a program in which all levels of government share in the creation of policy and in administration, we must move in that direction.

I think it is important for me, as Governor, to assure you and more particularly to assure mayors in the State of Indiana that this is the case. I believe all Governors realize that such assurances are necessary.

Senator **Quayle**. This is one of the ongoing discussions that we are going to have.

Governor **Orr**. Absolutely.

Senator **Quayle**. As we really get into the nitty-gritty on how to set up this system, and, quite frankly, as we have discussed in the past, we have got to get a better delivery system. The one that we have now is not that good.

And in the spirit of the new federalism and decentralization of government that you have worked so diligently toward, along with myself and others, this, certainly, is within that spirit and within that framework.

I know you are on a busy schedule. I thank you for your testimony.

One final question. I want to commend you for bringing it up, because you are the second person—we have had about what, 50 different witnesses—and you are the second person to try to relate the enterprise zone concept with training. I want to thank you for that, and maybe you might want to just expand a little bit on what you said in your very fine and eloquent testimony.

Governor **Orr**. Well——

Senator **Quayle**. Because I think it is a new idea, it is a good idea, and something that we should explore.

Governor **Orr**. Absolutely.

It may be that we have, in a sense, moved a bit in that direction in terms of legislative action over recent years.

About three years ago, we created a property tax abatement law which has the effect of mitigating property taxes on improvements for a period of time, now 10 years. In the last session of the legislature, a personal property tax abatement law was enacted. It provides abatement for machinery and equipment and is an effort to try to encourage investment by existing enterprise, as well as new.

Both of these laws are targeted for areas in communities where there are continuing disadvantaged economic conditions.

There are other things upon which we have worked which cause us to realize that there is merit in this kind of approach.

For example, specifically relating to job training, there would be a number of ways by which both the Federal Government, as well as State government, could offer incentives to companies to go into an enterprise zone, to a zone in a community where there is continuing high level of unemployment and general sour economic conditions.

Training would be one of the major ones, but there are all kinds of possible incentives.

In my opinion, if we are going to properly marry up our economic development activities, and our job training activities, as we are trying to do in a strong way in Indiana, we will have to have this kind of targeting to assure the fact that those two elements mesh together effectively.

I believe that, if we do it that way, we can see startling changes in urban America. We have been striving for that for a long time. Indeed, the war on poverty program was designed to try to accomplish it, but we all now see that it has not done so.

I'm a strong believer that economic systems properly steered and properly encouraged can bring about desirable social improvements by providing jobs, good jobs, and the skill training that makes employment possible for the people in disadvantaged areas.

Senator **Quayle**. Governor, we realize you are on a tight schedule. Say hello to all our friends in Columbus, and thank you for bringing new industry there, and don't forget my hometown, Huntington; we need some new industry up there, so put us on the list.

Governor **Orr**. Yes, sir, I will see that that is taken care of next week. [Laughter.]

Senator **Quayle**. Next week? Oh, OK.

Next, from the city of Indianapolis, Mr. Joseph A. Slash, deputy mayor. Welcome.

STATEMENT OF HON. JOSEPH A. SLASH, DEPUTY MAYOR, CITY OF INDIANAPOLIS, IND., ON BEHALF OF HON. WILLIAM H. HUDNUT, MAYOR, CITY OF INDIANAPOLIS, IND.

Mr. **Slash**. Good morning, Senator.

Senator **Quayle**. Good morning.

Go ahead and proceed, Mr. Slash.

Mr. **Slash**. I am Joseph A. Slash, deputy mayor, the city of Indianapolis, and on behalf of the Honorable Mayor William H. Hudnut, and appreciate the opportunity to testify on his behalf.

I have accompanying me today Mr. Harry T. McFarland, administrator of our division of employment and training, and Mr. Mark Davis, the city of Indianapolis director of economic development.

As you may know, the mayor and his administration have placed a high priority on economic development and broadening of the job base in Marion County over the past 5½ years. In connection with this effort, we have worked closely with our partners in the private sector in an effort to expand the qualified labor supply, providing job skills training and experience for thousands of disadvantaged persons within Indianapolis.

These efforts work hand in glove to promote Indianapolis as one of the growing and vital cities in the northern part of the country. One of our city's primary assets in selling Indianapolis to the business community is the existence of a large and skilled labor pool from which to draw new personnel.

Our efforts in the area of job training have helped to increase the size of that pool and, at the same time, have provided disadvantaged persons with the kinds of knowledge and skill they need to become contributing, productive, and self-sufficient individuals. In short, participants in the pursuit of the American dream. The Federal initiative that was the primary support for these efforts was the Comprehensive Employment and Training Act of 1973, as amended.

At the time of its enactment in 1973, the Comprehensive Employment and Training Act, which we call CETA, was designed to consolidate the delivery of employment and training programs into one comprehensive program.

Subsequently, CETA was amended to include a number of additional programs, including those funded under public service employment, the Youth Employment and Demonstration Projects Act, and the private sector initiative program.

Each of these amendments has created new and distinct participant eligibility requirements, participation time limits, and program activities. In short, what has evolved is a large, very complex, and extremely fragmented service delivery system. From an administrative standpoint, the program has become unwieldy and virtually impossible to administer.

It is virtually impossible, as the program is currently structured, to provide program participants with a comprehensive and consolidated array of services. At the same time, the vast number of statutory, regulatory, and administrative requirements have acted to confuse the already complex system. Many of these requirements and directives are contradictory to one another.

In addition to the fragmented nature of the overall CETA service delivery system and the complex array of restrictive regulations, the funding authorization process has acted to compound our problems even further. For the past 3 years, the CETA system has operated primarily under continuing resolutions. This fragmented funding process makes it virtually impossible to plan or assure continuity in the delivery of programs and services to participants.

Based upon these overall structural and operational problems with the CETA system, the city of Indianapolis believes that new employment and training legislation should be developed with the following considerations:

One, all employment and training programs should be funded under one grant in order to minimize problems of program fragmentation. Affording local administrative officials flexibility in determining the proper mix of program activities will help to assure that programs are tailored to the realities of the local population and economy.

Two, rather than creating another major bureaucratic level in the CETA system, new legislation should assure that local employment and training needs are met. This should be done by maintaining the current prime sponsor structure.

Three, in order to maintain a stable and cohesive delivery system, and encourage the development of efficient and effective programs, multiyear funding authorizations are necessary. Three-year funding cycles would do much to improve the planning and delivery of employment and training services.

Four, one set of program eligibility criteria based on length of unemployment and income should be established. Over the past few years, the eligibility issue has become very complex and confusing. A simplified single set of eligibility requirements should be adopted in order to eliminate the administrative eligibility determination nightmare and assure that resources are directed toward providing services to participants rather than on administrative exercises.

Five, funding should be provided much as it currently is, by using a formula allocation process which takes into consideration the unemployment rate and the relative numbers of unemployed and economically disadvantaged persons in a recipient area. In addition, funding mechanisms should provide an incentive-based system for rewarding the exemplary performance of recipients. In this way, recipients could earn additionally needed funds through outstanding performance.

Six, if employment and training programs are to be expected to operate efficiently and effectively, the burdensome and unnecessary statutory and regulatory requirements must be eliminated. Complying with these requirements often detracts from the actual planning and administration of programs.

Unfortunately, completing paperwork has come to take precedence over the actual delivery of services. A disproportionate amount of staff time is spent on generating paperwork requirements rather than program outcomes.

One prime example is the grant itself, which has become a mammoth document, much of which no one uses. It is not necessary to provide every minute detail of how a recipient plans to accomplish its goals. It would be preferable to be able to spend planning time in the actual planning, implementation, and refining of programs, rather than in the development of a document.

Reporting requirements have also come to exceed their usefulness. Only reports which are essential for the effective operation of the program and measurements of performance should be used.

Seven, while no one can argue against the establishment of mechanisms to prevent outright fraud, abuse, and waste, the liability for CETA expenditure errors has become a major issue. The amount of funds devoted to audits and audit resolutions has become mind boggling.

Despite the complexities, conflicting requirements, and restrictions placed on the CETA system, recipients are required to operate error free programs. Needless to say, it is virtually impossible to run any large operation without allowing for some human error. An acceptable error rate, therefore, should be established for employment and training programs.

The 1978 amendments to CETA require the establishment of an independent monitoring unit for each recipient in order to combat fraud and abuse. If the independent monitoring unit function is to be continued, it should be given a more positive orientation. The IMU role should include active participation in both the identification and implementation of corrective action to improve operations rather than simply identifying problems.

Eight, the current advisory/planning council structure has become cumbersome and often confusing. Recipients are currently required to have a minimum of three different councils: the Prime Sponsor Planning Council, the Youth Council, and the Private Industry Council. A single, consolidated employment and training council which represents private business and industry, the community in general, the client population and service organizations is preferable over the current system.

Nine, private sector involvement in employment and training programs should be encouraged through 51-percent representation of the private sector on the planning council.

In addition, recipients should be encouraged to increase private sector involvement through a variety of marketing and placement strategies.

Ten, one weakness of CETA has been the perception, by recipients, administrators, and elected officials, that there is a direct relationship between employment and training policies and income maintenance programs.

Unfortunately, this has contributed to a variety of operational problems in the effective delivery of employment and training services.

Future legislation should provide for flexibility to recipients in deciding on the appropriate level, if any, for program participation allowance/stipend payments. Relationship with income maintenance policies and programs should be minimized.

Eleven, future employment and training legislation should deal with both the supply and demand sides of the labor market. Provisions should be made for formalizing the relationship between economic development and job creation and expansion efforts and the employment and training system.

Twelve, the relationship of CETA and the employment service has been a source of much confusion. Future employment and training legislation should attempt to provide a more formal structured definition for this relationship.

In conclusion, Mr. Chairman, President Reagan campaigned in large measure on the idea of simplifying and humanizing the Federal Government. The President said that where Federal involvement in a given area was necessary or desirable to achieve national goals that Federal involvement should be limited. It should be conceptual. It should provide broad guidelines, and be easily understood, but most of all, it should be workable.

Mr. Reagan said time and again that the detail work and actual implementation of Federal programs should be left to State and local governments, those branches of government closest to the people, and the problems those people have.

All 12 of the recommendations which we have outlined here today are consistent with that philosophy. We are looking to simplify and streamline the Federal process, and to make it more workable at the local level. Our recommendations call for maximum local flexibility and priority setting with a minimum of Federal oversight and paperwork.

What we have outlined is not too short of a block grant approach to employment and training services, and that is also consistent with the President's program.

We can all agree that the CETA programs, with its changes in rule and regulations and funding, has been, at best, a mixed success. We can all agree that improvements can and should be made, both in the interest of those who need the assistance and in the interest of those taxpayers who pay the bill.

And, finally, Mr. Chairman, we appeal to you that any task force created to assist with the reauthorization of CETA or creation of its successor must include representatives of local elected officials who must administer these programs.

We believe that our recommendations serve those goals, and we appreciate the opportunity to present them to you today.

Senator QUAYLE. Thank you very much, Mr. Slash, for a very fine and specific testimony.

Let me just pick up where you left off where you talked about any successor to CETA—there will be a successor to CETA. I don't think that anybody is doubting that. As a matter of fact, someone in the hearing said that the first order of business, for whatever new training program we come up with, is to change the name because of the bad nuances that come with CETA.

There are some very worthwhile orientations toward training concepts, but you end up with the contention that the successor to CETA must include representatives of local elected officials who must administer the program.

Now, if I had to summarize the concept that you have put forth—and you had 12 points you would like to see one block grant for the youth and the adult training programs into one, but the system would remain essentially the same, and that system would be Federal Government to local governments. Is that basically correct?

Mr. SLASH. That is essentially correct.

Leaving the large, local urban government the opportunity of deciding those priorities that affect the local government; for instance, while it is identified in the current legislation, the Youth Act, and we have several categorical programs within that youth legislation, we do not end up putting them all in one large block grant—at least, we would like to see all those youth grants consolidated under one area of youth.

We have had some categorical programs authorized with which we have found it very difficult to identify enough recipients in that target population group to even operate the program.

On the other hand, we have had——

Senator QUAYLE. Just let me interrupt you for a second.

Which youth program; do you know offhand? I would really be interested in that, because we are——

Mr. SLASH. YCCIP is the one that we have had the problem with.

Senator QUAYLE. YCCIP. In other words, you couldn't identify enough recipients to warrant the program, yet it was mandated.

Mr. SLASH. We have had a difficult time in that area, and one other one.

On the other hand, we have had other youth, you know, entering the broad category of youth services that we would have been able to serve with those dollars if we had the flexibility.

Senator QUAYLE. Let me get back and try to expand my question.

One block grant to the local communities, a system essentially the same where those cities over 100,000 would deal directly with the Federal Government and not the State.

What role do you see the State governments playing in the new system, in the new structure, that will supersede the present CETA system?

Mr. **Slash**. Fortunately, I believe that in the area of employment and training services here in the State of Indiana, the city of Indianapolis, and the State government, probably have the best working relationship of any other area, and we actively exchange ideas, and we actively participate in each other's planning process. I, myself, serve on the State's employment and training council.

I can see a number of different roles, depending on whether or not we go to a block grant coming through the State, which, in turn, would have to come back to the cities, I would see the State broadening that planning cycle, if you will, to, hopefully, establish geographical minigrants—miniblock grants, and that would maybe not only just serve the city of Indianapolis, but perhaps cities in the same area, if we have to go that way.

I could also see the State continuing to serve the balance of the State network as it is now. I think they have got a fairly good mechanism in place, as well as all of our prime sponsors that I am aware of here in the State of Indiana.

In short, I am saying that I think we have all established a good mechanism to deliver those services if we don't have the restrictive regulations accompanying the legislation. And I would like to see as much as possible of that mechanism left in place.

Senator **Quayle**. Do you see an additional role and responsibility of State governments; Indiana sort of indicates an exception, because they have a very good working relationship with the local communities and the State government.

You referred to the President in your testimony, his responsibilities as the Governor of the State of California made him acutely aware of some of the problems that we have in an overregulated society, particularly from Washington. This is the general direction and thrust that the administration is going to try to take; to correct this problem, and I happen to, at this moment, support that effort. And I just wonder what additional roles and responsibilities from a local level you can see the States—the State governments assuming.

Mr. **Slash**. Well, I think the State of Indiana has started in the direction, that we are currently pleased with, of tying in the delivery of employment and training services to the economic development needs of the State. In Governor Orr's administration, we have been working very close with his department of commerce, and on a number of occasions, we have participated in joint letters of intent, if you will, to provide training funds for businesses that choose to locate in the area. In other words, provide that labor pool to fill those jobs as they come in.

I think States, if they expect to have successful delivery of employment and training services, are going to have to work closer with local governments in identification of those priorities for each geographical area within that State.

Of course, there needs to be an overall priority setting within the State, but I think that a State and local government partnership are going to have to be cemented. And I think we certainly have moved in that direction here in Indianapolis working with our State government. As I indicated to you earlier, I certainly feel more comfortable that that relationship has been established in the area of employment and training than I do of any other area.

Senator QUAYLE. In your testimony, you talked about CETA going directly to the local communities.

What about employment services? That's still a State responsibility. Would you see that more directed to the cities, because now you've got essentially two systems.

Mr. SLASH. That's right.

Senator QUAYLE. In your testimony, you also talked about the duplication, the complexity, of employment services and the goals of our training programs—there is not a whole lot of difference.

Mr. SLASH. They're not.

Senator QUAYLE. In fact, they're very, very similar.

So, I wonder, do you think that there is a way that we might be able to combine these two, and, if so, would it be more directed to the locals or to the State, from your perspective?

Mr. SLASH. Well, I think it could be done either way. I think what needs to be done is to have a more direct tie-in in the legislation as to what the responsibility is to each of the two delivery systems. For instance, here in the city of Indianapolis, we use the employment service as an in-take point, as well as operate our own in-take points, and maybe we should be operating one. Maybe employment security division of the State of Indiana might be that body to best do it.

In some areas, the in-take function of our delivery system, the employment service is outperforming our own people.

Senator QUAYLE. One final question.

Under CETA, a lot of the criticism has been the fraud, the abuse, the mismanagement that we have had. Most of the testimony, and your testimony, too, suggests taking regulations off, having deregulation, decontrol, flexibility. How about the accountability of the funds, the accountability of taxpayer funds. Should that remain primarily a Federal responsibility on making sure that those funds are expended in an appropriate way, or would you like to see that responsibility decentralized also and to have the local communities pick up on that one?

Mr. SLASH. Well, I would like to see mechanisms established to put the responsibility on the local community; however, I think there is going to have to be some safety valve, if you will, that would allow the Federal system to step in at any point in time they felt the local administration was not living up to its responsibility. And, there again, it depends on the relationships that you have, the accountability systems that you have in place, but I don't think any prime sponsor would want to shirk its responsibility in the area of accountability of funds to the taxpayer.

I think, speaking as a local administrator, we would like to see more flexibility in having that accountability audit function, if you will, rest with the local authorities.

Senator QUAYLE. Mr. Slash, thank you very much, and we look forward to working with you in the future as we get into writing and, hopefully, seeing enacted into law a better delivery system and a more humane government than what we have right now in the area of training.

Mr. SLASH. Thank you, Mr. Senator.

Senator QUAYLE. I'm going to exert a little bit of a personal privilege here, and if Mr. Long will allow my indulgence, I've got a commitment to a member of the next panel to get him back to a meeting, so I'm going to go down to Panel No. 1, and then after Panel No. 1, we will go back to Mr. Long from the Michigan Department of Labor.

So, will the panel of Tom Binford, Tom Moses, Gerry Keller, and Duane Christensen, please come forward.

Good morning. According to my list here, Mr. Binford will be the first witness. Is that according to your list? You don't have any list. Go ahead, Tom.

STATEMENT OF THOMAS W. BINFORD, CHAIRMAN OF THE INDIANAPOLIS ALLIANCE FOR JOBS, AND FORMER CHAIRMAN OF THE BOARD, INDIANA NATIONAL CORPORATION, ACCOMPANIED BY MARSHA OLIVER, PRESIDENT, INDIANAPOLIS ALLIANCE FOR JOBS

Mr. **Binford**. Mr. Chairman, I have submitted a written statement, as the others have. In that statement, I have expressed attitudes rather than fill it full of facts or history because of the time element. And I want to assure you that those performance figures for us, at least, in the PIC, are available, if that is what you need. I assume that those kind of figures are available to you anyway.

Senator **Quayle**. Yes. That would be very, very helpful, and if you just want to summarize your testimony so we can hear from all the panel members, I think that would be the best way to proceed, and then we can have some time for a few questions.

Mr. **Binford**. Right. So, I will just summarize.

Within my statement, I have made the point—I hope I have made the point—that the private industry council, at least, in Indianapolis, and Indianapolis Alliance for Jobs, I think, would support the point of view that CETA is a proper expenditure of public money; that we do have a public obligation to vocational training as part of the heritage of the public school system, and that something similar to CETA is necessary in order to, really, in a sense to patch up the failure in vocational education within our other established systems.

I hope some day that a CETA-type program, or whatever you name your new—whatever Congress names the system—will go out of existence, too, because I think it should be built into the public school system itself.

That aside, the problems they have had in making our private industry council work seemed to me to be summarized—and I tried to do so in my statement—in the layers of bureaucracy through which we need to operate.

I think Congress is very wise to establish title VII, and attempt to tap the private sector for innovative approaches.

Unfortunately, it would seem, the country over, that it's been a very strong PIC, indeed, that they have been able to accomplish that through the route of redtape that has been wrapped around the program.

I don't blame the prime sponsor. I don't know that I blame the Department of Labor. But it's the system that creates an environment in which it is very difficult to move at any speed with any flexibility. Much to much attention is paid to details and immaterial matters.

You talked about accounting for the funds. Yes, we should account for the funds, but there should be a margin of error. There should be commonsense approach toward—thousands of dollars, thousands, and thousands of dollars are spent complying with myriads of paper, requests with systems that do, indeed, prevent probably any corruption, but the same aim could be achieved with much less expense if there was some commonsense put into it.

The most revolutionary part of the statement is my personal one, and I don't want to saddle the private industry council with it. I make the recommendation that the private industry council would function better if they are funded directly. You heard the State wants the funding. You have heard the city wants the funding, and now you have heard one private industry—the one person who's connected with the private industry council.

I only say that I think they should be funded directly, because I see the problems of funding them in other ways. I'm not sure that that is the best way to do it.

Also, in my statement, I mention the fact that PIC could be expanded to become—I don't think it's very clear, and I would like to make it now, because I'm kind of enamored to the idea. I hope you will pick it up—into a quasi-public corporation, representative of the Governor, who could well appoint some of them, the mayor of 100,000 or larger city, or any city. Perhaps a mayor could appoint the majority from the private sector employer, from the private sector employee, from the training group, just as the PIC is set up now, and have that funded directly on a block grant basis from the Department of Labor, from the Federal Government.

The important part, as we see it, is that the jobs are in the private sector. The needs are known by the private sector. Unless the private sector has a strong input on both the training and the jobs, the system isn't going to work. Public employment would work. Public employment under CETA would work, but not private sector unless they are developing a product the private sector can use.

It seems to us very logical and demonstrable that the private industry council should—or something like that should—play a much greater role in creating the training programs and developing the jobs, and, of course, coordinated with economic development, but primarily CETA-type organization is interested in training the jobs. I don't think their primary responsibility is economic development, although they do work hand in hand.

Well, I will close my statement by saying are there any questions you wish to ask, or any more that you want from us, we will be happy to provide it. We appreciate very much the opportunity to make a statement to you, and we appreciate your interest in it, and delighted that our Senator is in a position to influence this type of legislation, because it is extremely important to the community side of business, as well as to the unemployed, of course.

[The prepared statement of Mr. Binford follows:]

STATEMENT
BY
THOMAS W. BINFORD
CHAIRMAN
INDIANAPOLIS ALLIANCE FOR JOBS, INC.
BEFORE
SENATOR QUAYLE'S
SUB-COMMITTEE ON EMPLOYMENT AND TRAINING
AUGUST 25, 1981

My name is Thomas W. Binford. I am here in my capacity as Chairman of the Indianapolis Alliance for Jobs, Inc., which is the Private Industry Council for Indianapolis, as authorized by the Comprehensive Employment and Training Act (CETA).

Since there is obviously not enough time for a detailed critique of the CETA Act, as it is currently functioning, I would like to, instead, make some general comments regarding the importance of the program and how it can be made more effective.

In this time of reassessment of both the goals and functions of government, it may be useful to first establish the legitamacy of any employment and training act at all. I believe it is both rational and demonstrable, from our experience, that employment training is an appropriate function of government--federal, state and local. In agricultural societies this employment training was done by the family. As we developed into a craft society, it was done by both the family and the apprenticeship system. But in industrial societies, who is going to be responsible? Our forefathers, in their wisdom, established a policy in the United States of public education, which has been charged with the responsibility for training our youth. In recent decades, it is obvious to me, we have not met that challenge in the vocational area. You are familiar with the statistics of the unemployed and the unemployable. The question is, how many unproductive, unhappy, alienated people can the society tolerate? My personal opinion is that the ultimate solution is within the public school system. I freely admit that CETA is a fix, but a necessary fix; maybe we should call it a crutch, but a necessary crutch, until the "leg" of high school vocational education can be cured.

An effective CETA program benefits not only the potential employee, but the economy, the employer, and society itself. An effective employment training program, not only provides opportunity for self reliance for the individual, but it increases labor productivity, decreases welfare costs and supports innovative entrepreneurs, who in turn, increase our GNP.

No matter how many "horror stories" we may hear about the administration of our CETA programs, we dare not let that dissuade us from continuing to search for the answer.

My experience tells me that the source of most of the "horror stories" is the nature of the political bureaucracy which has, in the past, been given the responsibility for administrating the program. This "business-as-usual" approach by the Department of Labor down to the prime sponsor has delayed, distorted, and misdirected. This is not unusual in bureaucracies of all types, bound as they are by counter productive regulations, academic audits, and quantified standards. It is the nature of the beast. Congress, in its wisdom, recognized several years ago that this was a flaw and authorized the involvement of the private sector in the form of Private Industry Councils. The problem is that the Private Industry Councils are themselves administered by the bureaucracies, so that the innovations, initiatives, and relevancy standards have not been allowed to enter into the system to the degree contemplated by the Act.

Please believe me when I tell you that I do not accuse the Department of Labor or prime sponsors of doing this deliberately. They are victims also. However, it is my strong conviction, based again on experience, that if the Private Industry Councils are given their head to solve the problem and meet the needs, they will.

There is another need - adequate funding. But adequate funding of Title VII, would in my opinion, be far less than what has been spent on both public sector and private sector employment training in the past and be far more successful.

We recognize that the government cannot simply give money without accountability and an accountability component should be part of the Act. An audit component should also be part of the Act. But these standards should be established to prevent corruption, deception, and self dealing, not based on artificial regulations and preconceived concepts of how the training program should be operated.

My personal suggestion, to accomplish what Title VII intended, would be to fund Private Industry Councils directly. The Private Industry Council boards are already mandated to represent various segments of the community, including industry, labor and civic leaders. If they are funded directly, I would suggest that the Board be expanded to include representation of the local government, as well, in order to assure the necessary political sensitivity. Public money must, indeed, have public oversight, but it does not need to have the kind of red tape that is built into a usual bureaucratic project. It is just that red tape which has prevented CETA from fulfilling the promise of its original concept.

The logic is compelling. With the Private Industry Councils representing the employer, those involved in employment training, and those representing employees, it is the most effective vehicle for carrying on employment training programs.

I appreciate very much your permitting us to place this testimony on the record. I hope it will be of use to you in making legislative decisions in the future. I would be willing, personally, and I believe I can speak for others on our Board, to meet with you anytime to discuss any details of the CETA program. We want it to continue, but we want it to continue in a more effective manner.

Thank you, again, for your attention.

Senator QUAYLE. Thank you very much, Mr. Binford.

It is an exceedingly important program, and, particularly, as I said in my opening comments, to come up with a better system. I appreciate you coming forth with the ideas.

You talked about your quasi-public corporation, and we can get into that in some of the questions and answers. That's what we're here for, to try to come up with as many different ideas, get as much input as we can from the grassroots. My intention is to rewrite this thing and make it one of the top priority items on the agenda next year. It needs to be done.

Next, Mr. Tom Moses, representing, according to my notes here, the Indianapolis Chamber of Commerce.

Mr. MOSES. That is correct.

STATEMENT OF THOMAS W. MOSES, CHAIRMAN AND PRESIDENT OF INDIANAPOLIS WATER CO. AND CHAIRMAN OF THE BOARD, INDIANAPOLIS CHAMBER OF COMMERCE

Mr. MOSES. I voice much of what Tom has said, particularly in the area of funding through the PIC's. That, I think, is an absolute necessity, and if we're going to have business' confidence in the operation, I think the business people will have to be in charge of and responsible for the finances.

I think we have had an experience here that indicates that pretty strongly.

Let me say this, that I don't know of a city that has a better relationship between the private sector and the elected officials, both of Indianapolis and of the State. So, anything I say today is certainly not a criticism of any elected official in Indiana.

I do, however, see some things in the program as presently administered that worry me considerably. For instance, there have been instances where a training group doesn't get started because we lack one person of Hispanic origin in that group, or we lack maybe five people of the white origin, or black origin. I don't think that that should be the criteria for disadvantaged. Being unemployed is being disadvantaged.

So, you achieve some ridiculous results when you put down too many rules.

I further feel, probably a little more strongly than Tom indicated, that the private sector must be more involved, or you will find us shying away from CETA itself.

It is my opinion if I go to the personnel manager of, well, the Indianapolis Water Co., and he tells me that he needs five welders, that a big computer survey of the area as to what is needed in the way of jobs and training is not nearly so important as his statement to me that he needs five welders. And I think it becomes incumbent on CETA, or its successor, to produce those five welders.

Having said that, I want to make it absolutely clear that there is no suggestion of impropriety in the operation of CETA. I have never agreed wholly with its philosophy, for so far as I'm concerned, the people that have been in it have been extremely well motivated, and, perhaps, coming from a different direction than I tend to come from as chairman of the chamber of commerce.

Having said that, Senator, I thank you very much for the privilege of appearing before this committee.

[The prepared statement of Mr. Moses follows:]

STATEMENT
ON
EMPLOYMENT AND TRAINING
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
OF THE
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
FOR THE
INDIANAPOLIS CHAMBER OF COMMERCE

BY
THOMAS W. MOSES
AUGUST 25, 1981

THANK YOU, MR. CHAIRMAN. MEMBERS OF THE COMMITTEE. MY NAME IS THOMAS W. MOSES. I AM CHAIRMAN OF THE BOARD AND PRESIDENT OF THE INDIANAPOLIS WATER COMPANY AND CHAIRMAN OF THE BOARD OF THE INDIANAPOLIS CHAMBER OF COMMERCE. THE INDIANAPOLIS CHAMBER IS COMPRISED OF OVER 3800 BUSINESS AND PROFESSIONAL PEOPLE WHO ARE WORKING TOGETHER TO MAINTAIN THE DISTINCT CHARACTER THAT MAKES INDIANAPOLIS A REWARDING PLACE TO LIVE AND WORK.

WE COMMEND THE CHAIRMAN AND THE COMMITTEE FOR SCHEDULING THESE HEARINGS AND GREATLY APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TO DISCUSS FEDERAL EMPLOYMENT AND TRAINING POLICY FROM THE POINT OF VIEW OF THE PRIVATE SECTOR.

THE CETA PROGRAM HAS, FOR THE MOST PART, BEEN AN EXPENSIVE UNDERTAKING WHICH HAS NOT PRODUCED THE DESIRED RESULTS, LOCALLY OR NATIONALLY. WE BELIEVE THAT GOALS AND OBJECTIVES HAVE BEEN DEVELOPED FOR THIS PROGRAM WITHOUT THE PROPER AMOUNT OF ATTENTION TO THE WISHES OF THE PRIVATE SECTOR. WHILE MANY HAVE ASKED FOR OUR OPINIONS, FEW HAVE LISTENED OR IMPLEMENTED OUR ADVICE.

It is our sincere hope that the ideas we present today will be seriously examined and included in the revised program.

We have formulated these observations and recommendations based on the five year period that the Indianapolis Chamber of Commerce has worked with the local CETA program, the National Alliance of Business, and the Private Industry Council. The Chamber was instrumental in establishing the PIC, a separate, non-profit organization called the Indianapolis Alliance for Jobs.

It is most important that the goals of the CETA program be well-defined. In the past they have been noble, but vague. We believe that there are possibly only two appropriate and realistic goals: 1.) reduction of the overall unemployment rate and 2.) Training currently unemployed individuals for productive jobs in the private sector.

The best method for achieving these goals is to ask the private sector to determine the types and numbers of employees they need and then to identify programs which can provide individuals with training in these areas. One must always remember that most companies, and particularly small companies, can only make estimates of their long-term hiring needs, and that when a need is discovered, immediate action should be taken to answer that need. The emphasis on sophisticated labor market studies is admirable. However, the most and best job information can only be obtained through personal contact with the employer. There are many considerations which must be discussed, including working hours, educational requirements, and access to public transportation, which many clients depend upon to get to and from work.

The incentives which have been promoted in the past are admirable and of use to many employers, but the large majority of business rejects involvement with the public sector, especially when money is involved.

MANY EMPLOYERS ARE UNWILLING TO DISCUSS WAGE SUBSIDY INCENTIVES OR REIMBURSEMENT PROGRAMS SIMPLY BECAUSE OF BOOKKEEPING COMPLICATIONS.

EMPLOYERS ARE INTERESTED IN PEOPLE WHO WILL WORK AND DO A GOOD JOB. IF THE CETA PROGRAM CAN PROVIDE THEM WITH QUALITY POTENTIAL EMPLOYEES, THE PROGRAM WILL BECOME A VALUABLE TOOL FOR THE GROWTH AND DEVELOPMENT OF BUSINESS AND INDUSTRY.

THE INDIANAPOLIS CHAMBER OF COMMERCE SEES THE MERIT OF IDENTIFYING PARTICULAR TARGET GROUPS TO BE SERVED BY THE PROGRAM. UNFORTUNATELY, THIS CAN INHIBIT THE ACHIEVEMENT OF THE PROGRAM'S GOALS. WHEN ADMINISTRATORS BECOME OVERLY CONCERNED WITH THE ESTABLISHED ENROLLMENT GOALS, THEY OFTEN LOSE SIGHT OF THE EMPHASIS ON QUALITY TRAINING. OUR GOAL IS TO PROVIDE PEOPLE WHO ARE TRAINED FOR JOBS. ONE CANNOT PRIORITIZE THE PLIGHT OF UNEMPLOYED INDIVIDUALS. AN INDIVIDUAL WHO HAS NO SKILL AND NO INCOME IS DISADVANTAGED - RACE, SEX, AGE, ETHIC BACKGROUND NOTWITHSTANDING. PEOPLE WHO ARE IN NEED OF SERVICES SIMPLY NEED SERVICES, AND TO THEMSELVES, ARE THE MOST DISADVANTAGED.

THE FUNDAMENTAL FAILING OF THE CETA PROGRAM LIES IN ITS ADMINISTRATION. CHANGES ARE NEEDED IN THIS AREA OF THE PROGRAM IS TO BE ACCEPTED AND SUPPORTED BY THE BUSINESS COMMUNITY. BUSINESS HAS, UNFORTUNATELY, A BUILT IN BIAS TOWARD WORKING WITH GOVERNMENTAL AGENCIES. WHILE IT WOULD BE NICE TO THINK THAT WE MIGHT CHANGE THAT OPINION - IT IS PROBABLY NOT REALISTIC. WE SHOULD CONCENTRATE ON ACCOMPLISHING THE MISSIONS OF THE CETA PROGRAM RATHER THAN TRYING TO CHANGE THE IMAGE OF THE PROGRAM IN THE EYES OF BUSINESS EXECUTIVES. WE DO, HOWEVER, BELIEVE THAT THERE WILL BE A CHANGE OF OPINION WHEN THIS PROGRAM BECOMES A PRODUCTIVE TOOL OF THE PRIVATE SECTOR. BUT THIS IS A LONG-TERM PROCESS.

FOR THE ABOVE REASONS AND MANY MORE WHICH ARE TOO NUMEROUS TO MENTION, WE ARE ADVOCATES OF INTERMEDIARY ORGANIZATIONS SERVING AS ADMINISTRATORS OF CETA FUNDS. AN INTERMEDIARY ORGANIZATION IS A NON-PROFIT BUSINESS GROUP, SUCH AS A CHAMBER OF COMMERCE OR A PRIVATE INDUSTRY COUNCIL, WHICH HAS EARNED THE CONFIDENCE OF THE BUSINESS SECTOR. IT IS AN ORGANIZATION TO WHICH THE EMPLOYER WILL TURN FOR ASSISTANCE. IT IS OUR RECOMMENDATION THAT FUNDS BE DISTRIBUTED DIRECTLY TO THESE ORGANIZATIONS FROM THE DEPARTMENT OF LABOR IN WASHINGTON.

MR. CHAIRMAN, I AM A MAN WHO LIKES TO GET STRAIGHT TO THE POINT, ESPECIALLY ON AN ISSUE THIS IMPORTANT. MY MESSAGE TODAY IS THIS: IF YOU WANT PEOPLE TO BE EMPLOYED BY THE PRIVATE SECTOR, THEN YOU MUST ADOPT AN APPROACH WHICH IS ALREADY ACCEPTED BY THE EMPLOYER COMMUNITY.

THE PROGRAM MUST, TO EVERY DEGREE, CATER TO THE NEEDS AND BIASES, IF YOU WILL, OF THE BUSINESS COMMUNITY. AND, FINALLY, YOU MUST TRUST US TO DO WHAT IS BEST FOR OUR COMMUNITY AND NOT IMPOSE RESTRICTIONS OR GOALS WHICH ARE NOT REALISTIC OR ATTAINABLE OR DESIRABLE IN INDIANAPOLIS. IF YOU GIVE US THE MONEY, WE'LL GET THE JOB DONE. IT WILL BE DONE OUR WAY, WHICH WE BELIEVE WE ARE EMINENTLY QUALIFIED TO DETERMINE. THANK YOU.

Senator **Quayle**. Thank you very much, Tom. I enjoyed your summation, and I concur with your conclusion about the sincerity of the people that have participated in these programs; and you can see it from your perspective as a businessman and from the chamber. There's a need out there. We are changing philosophy, particularly in the area of public service employment, I don't think CETA was really ever set up to be public service employment; it was set up to train people for jobs, and, basically, those jobs, a great majority of them, come from the private sector. It has received a bad rap in some circles and, perhaps, a bum rap, but just bringing that to our attention means that some serious reform is necessary, and that's what we're after.

Mr. **Moses**. May I make one more comment?

Senator **Quayle**. Please do.

Mr. **Moses**. It's hard for me to criticize a mayor of a major city, because, in my opinion, they have the toughest jobs in the world.

Senator **Quayle**. I second that.

Mr. **Moses**. So, if he sees a way to fund his services through a perfectly legal method—in this case, CETA—it's hard to knock it, but it is not in keeping with the spirit of the act. That's my objection to it.

Senator **Quayle**. I agree.

Next from the Fort Wayne area, a suburb of Huntington, the Private Industrial Council, Gerry Heller.

STATEMENT OF GERRALD HELLER, PRESIDENT, AMERICAN STEEL INVESTMENT CORP., AND CHAIRMAN, FORT WAYNE AREA CONSORTIUM PRIVATE INDUSTRY COUNCIL

Mr. **Heller**. Thank you, Senator Quayle.

I only have about a page and a half or two pages, and if you don't mind, I would like to read it.

Senator **Quayle**. Proceed.

Mr. **Heller**. Because I guess I have taken a rather strong position about the CETA and the title VII funding, and I have to say oncoming that it isn't different than what you gentlemen are doing, but I think I can make my point better if I read it.

Senator Quayle, I'm Gerry Heller, and I work in Fort Wayne. I'm president of American Steel Investment Corp.

I have been actively involved in volunteer work in getting the businessmen to hire that core of people who are not able to get jobs. These reasons, as you know, can be varied.

I am past president of the Fort Wayne Chamber of Commerce in 1975, and have been Metro chairman of the National Alliance for Business for more than 5 years. I was the founder of the Private Industrial Council of Northeastern Indiana, to take the advantage of the title VII funds, and have been past chairman of the CETA Advisory Council, and am presently PIC chairman of Fort Wayne.

All of this, Mr. Chairman, to convince you that my experience with CETA programs and the National Alliance program is quite extensive.

It has been my feeling that the entire CETA organization, as it now exists, is infiltrated with career employees who are mostly interested in propagating their own future and keeping their own job, more than it is of getting other economically disadvantaged to go to work.

Time and time again, I've seen CETA, and other employees just doing enough to keep from being discovered. However, before you think I'm down on everyone, I must admit that there are always employees who give their all, and I have observed this in the organization.

My opinion is that it's the exception, not the rule, that the average CETA employee is not one that I would hire in my business.

The entire CETA organization, for that matter, is filled with stupid politics. Work experience has accomplished so little, I believe that it should be completely abolished. The prime sponsors use this pool to little advantage to the community and the population in general.

Speaking more specifically of title VII funding, which is more my recent encounter, things have been just as stupidly administered.

As you are aware, Mr. Chairman, title VII was designed to get the businessman involved. We, in business, all felt that this was business' chance to get involved in government programs.

It appears that business could accept some responsibilities and could contribute to the effectiveness of the program; however, when this is done, and it looks like the program might be more successful than it was anticipated, the bureaucrats of CETA, and other employees of the prime sponsor, move in and attempt to get their hooks into what's happening.

In my situation, and I understand it's well representative of what is happening around the Nation, I find that the role of business is diluted and changed by the administrators.

Mr. Chairman, I believe that business is completely fed up with being pushed around by Federal, State, and local bureaucrats who are only interested in saving their own paychecks.

It's true that business does need well-trained, well-disciplined employees to hire. There might be some role in the communities to provide this service. However, I would like to stress and we can't, won't, and for the most part, haven't participated in an arrangement where we are being pushed, shoved, and bypassed—and I'll add to my remarks—by the bureaucrats.

I would submit that there some arrangements be made where a title VII type program arrangement be made, but not run it through the political process.

Perhaps, an arrangement, such as the National Alliance of Business, or run directly by the Department of Labor, or through its field offices, or through the State with the balance of State PIC organizations.

The most important thing to stress is that most businesses don't like and want anything to do with CETA.

You started PIC to give the businesses a chance to become involved. In the last several years, you have set about to push him back. I have told former Secretary of Labor Kolburg, and he agrees, you screw this chance to get the businesses involved, and it will be a long time before you get him back.

Putting it another way, I feel you have one last chance with the businessman. Now, don't drive him away.

Let's completely eliminate CETA, and all other titles, and concentrate on making the PIC's more accessible to business, and to get politics out of it.

Let's try once again to make taxpayers out of tax-takers.

Senator **QUAYLE**. Well, thank you very much.

Very straightforward, as to be expected, statement.

Let me ask you real quickly. Would you endorse, basically, what the two Tom's have talked about?

Mr. **HELLER**. Yes, I agree with what they're saying.

Senator **QUAYLE**. OK. Before we get any questions, let's go on to our final witness.

From St. Louis, Mo., representing the Metropolitan Area Private Industry Council, Mr. Duane Christensen.

STATEMENT OF DUANE CHRISTENSEN, VICE PRESIDENT OF CORPORATE COMMUNICATIONS, MARITZ INC., AND CHAIRMAN, ST. LOUIS METROPOLITAN AREA PRIVATE INDUSTRY COUNCIL, ACCOMPANIED BY COLIN STAHLHUT, EXECUTIVE DIRECTOR, ST. LOUIS METROPOLITAN AREA PIC

Mr. **CHRISTENSEN**. Thank you, Senator.

A few words of introduction. I am a member of the private sector, a member of the St. Louis Regional Commerce and Growth Association, and I have served as Chairman of the St. Louis Metropolitan Area Private Industry Council since its inception over 2 years ago.

I think it might be interesting, Senator, that our Council is a bit unique in that multijurisdictional in nature, serving a total of six prime sponsors, four who are located on—the Missouri side of the Mississippi River, which is in Federal Region 7, and two on the Illinois side of the Mississippi, which is Federal Region 5.

With me today is Colin Stahlhut, who is manager of employment programs for the Regional Commerce and Growth Association and staff director of our private industry council.

I would like to reaffirm what I heard you say a little bit ago in my words.

It is an obligation, I think, that we have to society at large, and with the aim of making the people of America as productive as possible, to have a national training and employment system.

The overriding objective of the system should be to reach out and to locate people who, for whatever reason, don't have the basic education or the skills necessary to obtain and hold a job in the private sector. These people should be educated, and trained, and then given assistance in locating a job in the private sector.

The system should serve those Americans who need help the most—the structurally unemployed, whether they be classified as economically disadvantaged, handicapped, youth, service veterans, or whatever. If a person is unemployable because of the inability to read, or write, or verbalize, or because a marketable job skill has never been learned, the system should be made available to that person, provided, of course, that person has the necessary will and desire to become a contributing member of society.

I feel strongly that any new or improved national training system should place greater emphasis on teaching basic reading, writing, math, and verbal skills, and the disciplines required to obtain and retain gainful employment in the private sector.

The system should also provide for the retraining of displaced workers, most of whom have commendable work records and who, through no fault of their own, and often at the instigation of Government legislation, find themselves out of a job, and with a skill no longer in demand.

The system should not take upon itself the task of training people for the high technology jobs which will experience dramatic growth in this country during the decade ahead.

This task should remain with private industry.

The primary thrust of the federally financed system should be to prepare people for entry level positions, and that doesn't mean necessarily minimum-wage jobs.

The matter of upward job mobility would be left for the employee and the employer to determine, which forever has been a foundation stone in our free enterprise system.

In the new design of a national training system, an effort should be made to consolidate—under one umbrella—and with one source of funding, the wide variety of Government training programs which now operate independently of each other. Consolidation would bring about a savings in administrative costs, better training, and placement opportunities for the people involved, and would permit better, long-range planning to take place.

I join others who have suggested that our national training system prepare people for jobs in the private sector.

Our experience in St. Louis can be added to other research which indicates that the private sector will become a willing partner in any reasonable program to train and employ the structurally unemployed.

During the past 16 months, our private industry council has had five full-time people contacting, and making professional presentations to, St. Louis area companies, telling them about the private sector initiative program, and seeking their participation.

Eighty-seven percent of all the companies contacted have agreed to participate. Participation, let me remind everyone, has ranged from agreement to start a customized training program for 25 people, as Monsanto has done at a nearby plant, to, at the least, a willingness to interview CETA graduates for regular job openings. As we broaden our scope of contact, we expect that 75 percent of all companies will be willing to participate.

The main reasons companies give for agreeing to participate is the need for good, trained people. Surprisingly, many companies cite "community or social responsibility" as a reason for participating. Whatever the reason, the timing seems right to aggressively pursue greater private sector participation in any federally designed manpower program.

The concept of private industry council should not only be retained, but their scope of influence should be broadened to include all titles or elements aimed at training people for the private sector.

I haven't included in my written testimony, but I would certainly like to include it here verbally. I do not agree at all with members of the panel who suggest that money flow directly to private industry councils. I think that these councils can serve as a link to whatever the local delivery system is, and I think that they can cooperate and they can gain the cooperation and participation of the private sector, especially if they're involved in the marketing of the program, but I certainly don't feel that it is wise to fund the private industry councils directly, as I know a lot of people are advocating.

At present, as you know, private industry councils are mandated to work as a full partner with CETA prime sponsors in the planning and implementation of title VII only. Because private industry councils consist primarily of people representing business and labor, councils understand local employment needs. Therefore, council members serve as a valuable linkage between the federally financed training system and private industry. This linkage provides the entry and the credibility necessary to insure massive private-sector participation.

As new legislation is developed, I think it is timely to review, as has been suggested at the end of this table, and to make guideline changes to title VII, the private sector initiative program.

Current legislation refers to title VII as a demonstration project to develop methods for gaining private sector participation in the training and hiring of the structurally unemployed.

After 2 years of being exposed to how title VII funds are being spent, I'm of the opinion the guidelines should be tightened considerably, so as to avoid frivolous and wasteful expenditures, which I think now are being made.

I would hope that a new national manpower development system would require greater accountability at the local level where the dollars are spent. The system should do more than account for the dollars spent, but also evaluate return on investment. Accountability must be built into the system so that we don't spend $30,000 to train a secretary, or to spend $17,000 to train a film-processing lab technician for a job that probably doesn't even exist, to spend needlessly for advertising and public relations, and to have contracts awarded to community-based organizations that amount to little more than political patronage.

A new national employment and training system should not encompass economic development, as has been suggested by many. This opinion does run counter to a growing trend, but, in my opinion, economic development done properly is a terribly big and important undertaking. By lumping economic development with manpower development, you run the risk of diluting and confusing both efforts.

Both are important and provision for a linkage should be made because, certainly, trained people and training incentives can be a big economic inducement for a small business about to start up or to relocate. But the two efforts, training and employment, and economic development, should go forth independent of each other.

Whatever national employment and training system is finally designed, it should have as little administrative redtape as possible. It should guarantee that the overwhelming majority of the dollars spent go to realistic training and job development activities, and it should mandate an even stronger local partnership between the private and the public sectors.

That concludes my testimony, except to say that we certainly wish you well in your pursuit in a new and improved manpower development policy in the United States.

Senator **Quayle**. Thank you very much, Duane.

I think we have had two witnesses and, now, a panel, and I concluded one wants to run it complete through the State; one wants to keep it at the local level, and some people would like to see it run, maybe, through a quasi-PIC corporation, and others want to see it basically set up and extend the partnership with the business and local government.

We have a little bit of diversification here this morning, and we are not even a fourth of the way through, but that's what we're here for, to get the ideas on the table. Competition of ideas is what our political system is all about, and that's going to be our responsibility as we try to figure out the best way to provide the delivery of services.

Let me ask this, Who are you going to work with? Are you going to work with the local communities? Are you going to work directly with the Federal Government? Would you have a role for the State if you set up a quasi-corporation? Would you do all the training? What responsibility of training would be left to the Government?

Let me just start with the first one. Would you assume all the training responsibilities under this quasi-corporation or PIC councils, or would there be some responsibility remaining for the Government?

Mr. **Binford**. I will answer for Mr. Moses. [Laughter.]

Senator **Quayle**. Let the record show that Mr. Binford is answering for Mr. Moses.

Mr. **Binford**. The concept that I had in mind, and I want you to understand clearly, this is not a recommendation of the board of directors of PIC, or prime sponsors, either one.

My concept of it would be that there would be a quasi-public corporation appointed by the Governor, or by the mayor, or by both, if you continue to have a separate one for the 100,000 cities and over. Federal funds of the nature of the CETA funds currently, and some of them might be folded in the block grant that are now outside of the CETA, but are training Federal funds, training programs. Yes, I think they could have supervision for all of those.

All we are talking about here and where we might differ as to how the system should work, and we might all agree there are some parts of it that are very—that we can hardly live with, I think that we would, perhaps, all agree that there is more than one system that will work, as long as it is well thought out as the very interests and competencies of the sectors, private, public, trainers, employees, are taken into consideration, and is permitted to work independently of political pressures, independently of pressures that are not for the purpose of the program.

I think it should be done in more than one way. I am suggesting one way, but I think it can even work under the present system if we are allowed to do so with less regulation and, perhaps, a broader accountability and less detailed regulation. Accountability, of course, but less detailed regulation might make it possible for it to work even under the same system that we have now.

I think we will probably have an excellent prime sponsor. I think working with the city government is probably as good as any other. I have no criticism, as Tom does. I think the system, though, when you layer it from Department of Labor on down makes it very difficult for any one of the parties to do a good job.

And my concept was, let's cut through those layers, and go right to a corporation accountable, funded publicly, that could accomplish this purpose, and concentrate on that alone, and not be a part of another system that might be impacting it negatively.

Senator **Quayle**. You say different systems, but, theoretically, one system would be that this quasi-public corporation appointed of mayors, Governors, other participants, would be funded directly, say, by the Department of Labor. I gather what you are saying is that all the training aspects would be inclusive and incorporated in this, and you would designate who the prime sponsor is, if you want to call it that, on down the line.

You would basically take the roles right now of what is being done at the local levels for those areas of over 100,000 and at the State level for those under 100,000.

Mr. **Binford**. A subcontract for training, yes.

I want to make it clear again. I thought I did. You would keep the same balance of this board, of this quasi——

Senator **Quayle**. Yes; I understand. I'm just trying to figure out who's going to get the funding. That's what it comes down to. One group wants it all here, and you come in, and the next group wants it all there.

I am just trying to understand what you are advocating.

Mr. **Moses**. Senator, while I normally accept Mr. Binford speaking for me, I would like to just be a little more definite about this. [Laughter.]

I want to paraphrase a hero of President Reagan's in saying that I must consider the business of the chamber of commerce as business, and I think I would be more simplistic than Tom Binford would be in this.

I would answer your question, but I think the PIC's could do the training through the private sector and accept the funding responsible.

Senator **Quayle**. And that would include the ones that we are referring to as structurally unemployed?

Mr. **Moses**. Right.

Senator **Quayle**. Business and industry spends $30 billion dollars a year now on training, so they are into training programs now whether we want to recognize that or not. They are doing it, but there is still this element of the structurally unemployed, the hardcore unemployed, that no matter how civic-minded businessmen are, or pretend to be, those people are ignored, and those are the ones that we have got to be sensitive to in looking at the role of the Federal Government. I think as far as the skilled trades are concerned, business and industry are going to pick those people up once they are identified. They may need some help from employment services or some training but they are going to pick those people up because they need them.

Talking about prioritizing in areas and where these people ought to come from, there could be some planning by the Government and some involvement——

Mr. Moses. Well, I insist that business has more of a social conscience than it's generally given credit for. And I say in this area that we are interested in the structurally unemployed, just as citizens of this community we are.

Senator Quayle. I would agree with your statement that business is more sensitive toward social responsibilities and civic responsibilities than we give them credit, because they are not given much credit in the eyes of the public, and they do do more, whether it's through the PIC councils or whatever aspects that I just pointed out. They spend $30 billion a year on training; I don't think the average person knows that.

They may have a bad connotation of business, and are always trying to knock big businesses, but there still has always been this problem. There has always been this problem of the structurally unemployed, and we may have our intents of social consciousness pricked every once in a while. That's very good.

Duane, do you want to comment, and then Gerry.

Mr. Christensen. Yes; I just want to agree with you. I do believe that there is this tiny segment of people that would not be served by private industry. They're willing to take these people, I think, into their training systems once they have been brought up to what they would consider to be their entry level requirements, but I just don't believe you're going to get enough private industry cooperation to deal with that small segment of people that we're looking at.

Back to your question of what should the delivery system be, it seems to me, and I'm looking at this only from the perspective of a community that has something like 100 different communities and 1 labor market, there seems to me that there would be a delivery agency that would, indeed, be government, probably State, funded from State funds that would come down.

But instead of four prime sponsors in our area, and I'm looking at only the Missouri side of the river, there would be one delivery agency, and maybe it would expand and serve areas beyond just the Greater St. Louis area. But I think that if you had one such agency, it would be made up of local people. I think the people involved would be in tune with the local needs. I think they would set the priorities as necessary in the local area, and I think spend the moneys very effectively, and I think they could work with the private industry council, which, in our area, is under the umbrella of the chamber of commerce, which gives us a lot of clout, and a lot of respectability, and credibility, and I suspect that in most areas of the country a chamber would be very willing to be an active part of the private industry council.

So, again, I see much reason to think in terms of the block grants, although it could come down from the Federal Government to a training agency, but I think with the mood of the country and the fact that I think we do need to make a major change, I would certainly support the idea of block grants, and then training agencies, government in nature, and that would support labor markets as opposed to individual political boundaries.

Senator QUAYLE. Gerry, do you have a comment?

Mr. HELLER. I have two or three comments.

I agree that the block grants or grant directly from the State to the individual PIC's, much as you were saying over there, would be suitable.

I think we would all do well to keep it as much out of the political process, if we can. And it seems to me, that we have all heard the stories of the fellows that were on the street corner doing nothing, and, you know, that sort of thing, and we've got to keep in mind that that is our biggest purpose—and we should talk directly about the PIC's—is ready to train that person.

I don't think the PIC's ought to be in the training, for the purpose of training typists. We can buy those services down the street, and I think either the PIC's ought to buy them, or they ought to make arrangements that way. I think if they need something that—a type of an employment that you can't buy locally, then I think the PIC ought to get involved and do that, but in lots of cases—and I know we're trying to do this in Fort Wayne—is that we would rather buy the services from a local university or from a local IV tech, or something of that sort.

I think there is plenty of training available for the average person who needs to upgrade his job. Now, taking a welder from a second-class welder to a first-class welder may require a different kind of training.

I don't know what to say except let's not get involved in training $10,000 typists when we can get the corner university to do that, or the IV tech, or so forth.

Senator QUAYLE. Let me just follow up on that, and have the panel comment.

What about the possibility of combining our training programs and our vocational education program, and even add to that, our employment service program? You take those three programs—they're separate—vocational education goes through our educational institutions, the training program goes through general funding process, employment services goes through, basically, a State organization. If you had to sit down and write a description of all three of those agencies and to ascertain what their goals are, basically, they're the same.

I would like the panel to comment from their perspectives, do you think we would be able to combine those three very, very, important functions in our society?

Mr. CHRISTENSEN. My answer is yes. I think that would be a very worthwhile endeavor and could be done.

Senator QUAYLE. Could be done. The more I get into this the more I hear testimony that I think this direction is right, and I think Senator Stafford from Vermont, who chairs the Education Subcommittee, will agree, this fall, to have some hearings of this possibility.

Mr. CHRISTENSEN. I'm not married to any approach, but I think you are on the right track when you're talking about simplification, and I think that's what you're saying. I think the ultimate in simplification is if private industry took it all over—maybe that is beyond any possibility, but when you're talking simplifying the procedure, then that's what I would agree with.

Senator **QUAYLE**. Mr. Binford.

Mr. **MOSES**. I think it would be more efficient, and obviously, it would be, and I do believe that the vocational education, public education system should improve vocational education, and it does, to a degree, but, obviously, it hasn't worked either to the degree that it should have or we wouldn't have CETA.

Whether you combine that public school, what I think you mean by vocational education, high school or beyond, combining that with a placement service of the State and CETA, I think it could be done, and it would be more efficient to do it, but I have some apprehension as to who would run it.

Now, the States are supposed to run the public school system, but they delegate an awful lot to the school board, maybe more than they should, I don't know. But if the State is going to do it, are they going to do it in a way that is really responsive to the local communities. They could. I'm not saying that they can't.

I think it would make a lot of difference how it worked and who had the ultimate responsibility of seeing that it worked.

I guess I'm giving a lot of hedging. I think it's worth exploring, definitely worth exploring, but I have some reservations.

Mr. **BINFORD**. Well, I think it's worth exploring. I think you ought to go—I think there ought to be something written into the law that would certainly give as much input from the businessman into this process as you can. I sure would hate to see it go back and train secretaries when there's no need for them.

And I think the business involvement will give you that feeling of what's needed out there.

So, I would think that mostly by and large that if you went that route most of the machinery is already setup, if you get them coordinated and get them working together.

Senator **QUAYLE**. All right, I thank this panel. I have known the two Tom's and Gerry, and as expected, your testimony was challenging, showing a great deal of insight, and, Duane, we thank you for coming and look forward to working with all of you in the future.

Thank you very much.

Mr. Long, thank you very much, and do you want to introduce the people you have with you, and then go ahead and proceed.

STATEMENT OF WILLIAM LONG, DIRECTOR, DEPARTMENT OF LABOR, STATE OF MICHIGAN, ACCOMPANIED BY FRED JONES, DEPUTY DIRECTOR, MICHIGAN EMPLOYMENT SECURITY COMMISSION; ARNOLD LOOMIS, DIRECTOR, DEPARTMENT OF EDUCATION, VOCATIONAL EDUCATION, STATE OF MICHIGAN; POWELL COZART, DIRECTOR, BUREAU OF EMPLOYMENT SERVICES, STATE OF MICHIGAN

Mr. **LONG**. I am William Long, and I am the director of the Michigan Department of Labor.

Collectively, we, at this table, represent the vast majority of the public employment and training activities in Michigan.

As you know, Michigan's economy has suffered severe effects from the recent recession.

Since 1978, the State's unemployment rate has ranged anywhere from 1 to 5 percent above the national average. Our latest projections show that we can expect little relief.

Currently, the State's unemployment rate is 11.8 percent, and in 1986, we expect to face an unemployment rate that will be 3.5 percent above national average.

Senator, I might point out that I'm just making a few brief comments here that summarize the written statement that was presented to your committee.

During the next decade, the structure of Michigan's economy will inevitably be altered with workers in the automotive and construction industries bearing the brunt of the permanent job loss.

In that context, it was decided that we would submit to you some of the ideas concerning the proper Federal role in employment and training programs, including Comprehensive Employment Training Act, and the Vocational Education Act.

The written testimony that we have presented represents the unified views of Michigan's Department of Labor, the Michigan Employment Security Commission, the Michigan Department of Education, and Michigan's Employment and Training Services Council, which is an advisory group to the Governor on employment issues.

I might point out that we felt that this was unique in that we can demonstrate this way that we have in these separate agencies structured in the State of Michigan quite a bond of cooperation in the public employment training area.

In the written testimony we have outlined, we have some specific ideas regarding the reauthorization. However, I must point out that the written testimony does not reflect necessarily each of the three agencies represented here today's position on the block grant issues. And I know that block grants are on the minds of many of us these days.

Governor Milliken's position, and my own personal opinion, is that block grants administered by the Governors of each State would allow States, like Michigan, to set their own priorities and to solve their own problems.

Because of Michigan's unique constitutional and administrative structure, a block grant program would have to be implemented in a cooperative manner among our agencies within our State. And I suspect that that would be true among the various States of the Nation.

Because of the State's unique cooperation in these areas, however, we feel that the State is in a position to be able to best determine how to administer any Federal funds which would come for employment and training services.

Our joint presence here today represents that spirit of cooperation.

One proposal would be to implement any block grant through a similar system to the one designed now with the Community Services Administration, which was just appropriated.

By necessity, Michigan's program would have to be fashioned, we believe, in an evolutionary manner, rather than through a total uprooting of our current structure or the current funding structure from Federal to State government.

Regardless of our agencies' specific positions on the block grants, we all share the common concern that block grants do not become a subterfuge for funding cuts. Block grants, we feel, will not work unless they are adequately funded and provide flexibility for States to be able to administer as they see fit.

It is also crucial that any block grant funding recognizes that States have different employment and training needs. It's painfully obvious to Michigan that States like Texas and Arizona neither need the same types of training that we may, nor do they have the same level of need.

It is our belief that the allocations of any Federal moneys should recognize the actual employment and training needs of the individual States.

It is the Michigan Department of Labor's position and Governor Milliken's position that Governors be given more discretion and a stronger role in determining such things as the areas of service and the ultimate service deliveries. It is imperative that States be given the flexibility to meet those types of unique needs within their respective States.

In Michigan, I would envision that flexibility to include a vocational education system that would help us maintain the economic base of the State's economy by assuring a continuous supply of well-trained employees.

Obviously, as it was pointed out in the panel that just preceded us, private sector has a very important role to play in this also, and we recognize that.

In Michigan, we have a task ahead that would include the retraining of some 150,000 permanently displaced autoworkers that we estimate will not be returning to the auto industry and the jobs that they have previously held.

Complementing that system would be efforts that assure access to employment and training programs for those most in need, to assure that the disadvantaged have an equal opportunity to compete for jobs. I would recommend that Federal legislation be fashioned to provide that at least one-third of any funds going to vocational education be targeted for those, as you had indicated, structurally unemployed categories of our potential work force.

These are a few of my personal ideas, which I believe are representative of Governor Milliken's position on these issues as well.

Mr. Loomis, Mr. Jones, and Ms. Cozart will be available, along with myself, to answer any questions you have.

Again, I appreciate the opportunity to be here, representing the Michigan Department of Labor. We would certainly welcome any further opportunity you would provide to work with you as you work on this legislation.

Thank you.

[The prepared statement of Mr. Long follows:]

Testimony for The U. S. Senate Subcommittee on Employment and Productivity

prepared by
Mr. William Long, Director,
Michigan Department of Labor
Mr. S. Martin Taylor, Director,
Michigan Employment Security Commission
Dr. Phillip Runkel, Superintendent,
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I. Introduction

Good Morning Mr. Chairman and members of the Subcommittee on Employment and Productivity.

My name is William Long, Director of the Michigan Department of Labor.

I am grateful for the opportunity to present to you Michigan's views on what policies Congress should adopt to meet the employment and training needs of our communities.

Because the focus of your concern is the CETA system, I will be presenting the major part of Michigan's testimony today. However, the CETA system is but one of several state level participants in the employment and training system. Therefore, Governor Milliken and I have assured that other major state agencies have had input concerning the comments and opinions that I will deliver. The following comments have been developed with the participation of the CETA Employment and Training Services Council, the Michigan Department of Education and the Michigan Employment Sercurity Commission.

These agencies have worked closely in the past several years to meet the employment and training needs of a work force that has suffered some of the most severe effects of the most recent recession.

With me today are Mr. Martin Taylor, Director of the Michigan Employment Security Commission and Dr. Eugene Paslov, Deputy Superintendent of Michigan's Department of Education.

II. Michigan's Employment and Economic Outlook

Michigan's economy has been hard hit in the last several years. In fact, Michigan's unemployment situation has steadily worsened since 1978 and will continue to be more severe than the national average. Our latest projections are that Michigan's unemployment will be above the national average even in 1986.

Unemployment Rates

	1978	1979	1980	1981	1982	1986
Michigan	6.9	7.8	12.6	12.7	10.7	8.5
U. S. average	6.0	5.8	7.1	7.8	7.5	5.1

The 1980's will drastically alter the structure of the Michigan economy. The greatest impact will be felt by the automobile and construction industries resulting in permanent job dislocations for many workers.

Additionally, inter and intra-state migration patterns of both individuals and businesses during the past decade have resulted in persistent unemployment in a number of Michigan communities. This has resulted in undue and continuing hardship in the State's rural and urban centers, some of which have experienced monthly unemployment rates greater than 30 percent during the past year.

Our comments today are delivered in the context of this situation.

III. Benefits of CETA to Michigan's Unemployed

Michigan strongly supports the continuation of federally funded employment and training programs. Moreover, we have found CETA to be a cost-benficial tool in meeting the problems created by the economic conditions I have just described. In my written testimony submitted to you, I have presented a summary of the reasons that we have found to be so supportive of this federal program. I will highlight for you several of the more innovative uses to which CETA dollars have been put in Michigan.

- CETA dollars have been used to support the co-location of MESC Job Service staff in the major offices of the Michigan Social Services Department.
- CETA dollars are being used to support regional coordinating bodies that bring together the local employment and training community.
- CETA dollars, coupled with a larger proportion of state dollars, have been used to support the employer-specific training and job placement efforts of our Office of Industrial Training, which has trained 4,500 workers in specialized occupations.
- CETA monies also support another effort, one which is unique to Michigan, the Michigan Full Employment Planning Act (PA 609 of 1978). This year the Labor department, in conjunction with the other major state agencies and the legislature is developing its second annual prescription for assuring the employment of our work force. In the draft of the second Employment Plan which we are readying for the governor's review, we have outlined a full agenda for state agency activity aimed at both the employment supply side and the labor demand side of the economic equation.
- CETA funds are being used to support the placement in Detroit schools of MESC Job Service staff.

There is more to say in favor of CETA. But, my primary purpose is to suggest how you might improve upon the structure that CETA legislation has created, and to indicate ways that vocational education and the Employment Service can mutually support efforts to keep our citizens employed. Our suggestions will fit into the framework of the eight questions posed by this committee.

IV. Defining Agency Responsibility

Federal employment and training dollars should be targeted to those most in need. Nevertheless, there are two distinct priorities to be met in so focusing these monies. First, it is necessary to preserve the economic base of our state's economy. Secondly, it is necessary to assure that the more severely disadvantaged of our population have an equal opportunity to compete for the available jobs. This suggests then that federal vocational education dollars, and the employer-financed Employment Service system focus on those unemployed with a more recent and stronger attachment to the work force.

It is vital in a state like Michigan that our industrial skills be maintained and upgraded as we now begin a major effort to diversify our economy and attract other employers to our state.

It also suggests a need to distribute federal employment and training dollars to the states in a way that is proportionate to their need, as defined by the relative degree of unemployment.

A. Preserving the Economic Base

The primary role of vocational education and the Employment Service is to maintain the economic base of the state's economy by assuring a continuing supply of well trained employees, and by assuring that these employees experience a minimum of delay in their efforts to secure satisfactory jobs.

B. Serving the Employment and Training Needs of the Severely Disadvantaged

It is our belief that a CETA-like system should be enacted by Congress and that it should be targeted to those most in need.

In addition, within the vocational education reauthorization it is also essential that the same special populations receive sufficient targeting of these funds to assure their access to the work force perhaps targeting as much as one third of these vocational education funds which would be available.

In broad categories, those who will need this help in obtaining or keeping employment are identified by present and projected unemployment statistics.

- youth, and especially minority youth
- older workers
- ex-offenders
- displaced homemakers
- minority adults
- handicappers

While we recommend targeting of federal employment and training CETA dollars to these groups, the manner in which such targeting is approached is crucial. Experience has shown that there is substantial heterogeniety within any single target group. Therefore programs should be designed for persons based on their skill level and potential. In other words, administrative flexibility is necessary. We recommend that success in reaching these targeted groups be judged on a cumulative basis. Thus, CETA agencies would be allowed to determine the particular mix of the targeted clients, so long as the cumulative "score" met a pre-set minimum. A relative priority ranking could be assigned to each targeted group, thus encouraging service providers to reach for the higher priority groups.

V. Defining Employment and Training Services

We have learned that the Federal government cannot prescribe administrative process in legislation without severely impeding the state's ability to deliver service. We suggest that Congress consider the following policy directions, and leave to the states the job of making them work.

1. CETA funds should be available to support the costs of remedial training for basic academic skills, employment readiness skills and training for job-specific skills.
2. There should be uniformity in measuring the results of services received in any of these three areas of skills training from any service provider.
3. Client Services for any employment and training program should be guided by individual employability plans. The governor and states should have a lead role in developing the guidelines for those plans.
4. Continued funding of job-specific skills training providers should be tied closely to periodic and realistic assessments of the student's ability to actually perform key tasks in the particular area of skill training.
5. Training in job-specific skills should be employer-specific, or based on a realistic projection of the demand for such skills, once learned. Where possible, employers themselves should be involved in development and execution of training programs.
6. We firmly believe that the "career ladders" concept should be embodied in reauthorization. Perhaps this can best be accomplished by explicitly authorizing the Governors and State Boards of Education to spend federal CETA and vocational education monies on re-training, where there is a firm commitment to "back fill" some portion of the vacated jobs with CETA eligible clients.
7. The economic development role of CETA agencies should be preserved. Governors and states should have the flexibility to use federal employment and training monies to support the training needs of urban enterprise zones, and to maintain planning links with the private sector.

VI. Efficiencies in the Employment and Training Network

Federal legislation can be helpful in encouraging a more efficient use of public resources for employment and training services. While there is a need to move incrementally toward the changes we are recommending, the goals should be clearly specified in the reenacted legislation, and times for their achievement should be clearly set forth.

1. The Governors of each state should be permitted the latitude to define the boundaries of CETA area service delivery agent as part of their responsibility to develop a comprehensive, statewide employment and training policy.
2. The Governor should retain the authority over CETA funds that would permit the creation of incentives for cooperation with the CETA network.
3. A single advisory council on employment and training issues should be maintained so that the views of labor, business, other private and public sector actors are given due consideration by the Governor.
4. The issue of job development and placement services needs to be addressed in both CETA and Vocational Education legislation. At a later point in this testimony, we will address this issue more completely.
5. Specific-skills training should be governed by the determination that there are, or will be, jobs for those trained in the particular skills.
6. For those instances where there simply are no jobs expected within the state, each Governor will need the flexibility to determine whether funds for job search and relocation assistance are appropriately balanced with the goal of maintaining a skilled work force.
7. Congress must recognize that public agencies are employers, too. Federal legislation should permit the states to use limited term public sector jobs as one of its training options. To avoid over use of this option, perhaps legislation could limit its use to those states whose unemployment rates are so high as to limit the private sector's ability to provide necessary on-the-job-training opportunities.
8. Reauthorizing legislation should deal with the issue of whether or not prime sponsors should directly operate training programs. Our own advice is that the governor ought to be in a position to make these judgements on a case-by-case basis, with an emphasis or preference for subcontracting to non-profit, public and private sector training providers wherever feasible.
9. A system of planning, allocating and obligating funds over at least a two year period ought to be tried, because of the differences in planning cycles with traditional educational agencies.

With respect to item four, we have been examining the issue of fixing central responsibility for job development and job placement services. We have concluded that, for now, the most reasonable approach to this issue is to (1) encourage the use of the Employment Service as the predominant job development and placement agency, and (2) to advise that funding incentives be placed in the CETA and Vocational Education reauthorization statutes that will permit the states the option to move toward a system which strengthens the Employment Service as the primary delivery agency for job development and placement services.

This approach recognizes several realities. First, moving toward a time when the employer can expect but one publicly funded job development, job placement contact is a desirable goal. Second, present Employment Service funding levels will simply not permit the kind and extent of services necessary for placing the hard-to-employ into meaningful jobs. Third, many employment and training agencies inevitably develop job opportunities for their clients as a natural result of their relationships with employers. These relationships are also needed for feedback on the adequacy of the training program itself. For all those reasons, it would be most unwise to unilaterally and abruptly interrupt these relationships.

We thank you for this opportunity to present our views. We would now like to answer any questions you may have.

ATTACHMENT 1
BRIEF OVERVIEW OF CETA IN FY 1981
(Second Quarter)

Through the first half of fiscal year 1981, programs funded under the Comprehensive Employment and Training Act (CETA) of 1978 served 86,157 individuals in need of assistance in the State of Michigan. The overwhelming majority of CETA participants, 95 percent, were defined by federal criteria as economically disadvantaged. Forty-one (41) percent of those served by CETA programs were members of families that received public assistance, primarily AFDC. Additionally, 12 percent of all participants in CETA were receiving or were eligible to receive unemployment compensation benefits at the time of enrollment. Clearly the design of CETA programs, to provide employment and training services to those most in need, was accomplished during the first half of fiscal year 1981.

CETA programs have made a significant effort to enroll and direct services to those client groups experiencing greater levels of unemployment than the average. Female, youth and non-white unemployment rates have traditionally been higher than their counterparts. Through the second quarter of fiscal year 1981, 48 percent of all CETA participants were females, 46 percent were 21 years of age or younger, and 34 percent were non-white. A special effort to enroll other groups experiencing significant barriers to employment has also continued. Veterans constitute 10 percent, handicappers represent 9 percent, offenders are 11 percent and displaced homemakers compose 3 percent of all fiscal year 1981 participants.

In addition to serving those Michigan residents most in need of employment and training services and those groups experiencing high unemployment levels, CETA program operations are extremely cost-effective. During the first two quarters of fiscal year 1981, CETA programs expended $2,054 for each participant including all administrative costs. During this period, a total of 32,637 participants have terminated from CETA of whom 8,524 left with an unsubsidized job and an additional 8,980 participants terminated from CETA for other positive reasons. The majority of all job placements, at least 69 percent, are in the private sector. The increased earnings generated by CETA employment and training services average approximately $1.70 per hour per participant who is placed in a job. The tax savings accrued from the reduction in unemployment compensation benefits, public assistance and food stamp program funds by the operation of CETA programs provides for a quick pay back period. Non-youth training program enrollees who are placed in unsubsidized employment have registered increased earnings after participation in CETA that will equal total program costs in less than 2.8 years. By providing resources to allow individuals to become income producers rather than users of government services, CETA programs return a profit on the public's investment.

CETA programs also provide training and counseling to all participants in order to improve their skills and attitudes towards work. The long run impact of directing youth back to school or providing the opportunity for self-sufficiency to the unskilled is difficult to measure. However, as the first two reports from the Continuous Longitudinal Manpower Survey indicate, CETA program participation does have a lasting positive impact on the earnings potential and on the ability of former CETA participants to hold a job. It is apparent that continued funding of CETA employment and training programs would be a major contribution to continued development of a skilled and highly motivated workforce in Michigan.

Senator **Quayle**. Thank you very much, Mr. Long, for participating.

Just out of curiosity, what kind of training programs are you providing for these displaced autoworkers in Michigan?

Mr. **Long**. We have some, in the Department of Labor, for example, used some State funds and some Federal funds to fashion direct training programs with potential employers, so that we can use some of our own State moneys for what we would determine noneligible CETA employees, potential employees, and CETA funds in combination and find an employer that may, for example, be developing a new plastics firm, small employers, primarily, to retrain unemployed auto workers and, in other cases, combine that with the training of CETA-eligible individuals who have not been employed in the auto industry in the first instance.

Other types of—quite frankly, Senator, it's very difficult to find the resources and the available job openings for auto workers who may have upward of 10 or 12 years seniority on a line job that does not take, as you know, highly skilled expertise, and bring them back into the labor market, or retain them, rather, in the labor market.

Senator **Quayle**. Most of the autoworkers that are getting laid off, are not CETA-eligible people, are they? Do you have any figures on that?

Mr. **Long**. I will let Fred or Powell answer that.

Ms. **Cozart**. I'm Powell Cozart from the Michigan Employment Security Commission.

Initially, these persons aren't CETA-eligible. You asked about that?

Senator **Quayle**. Yes.

Ms. **Cozart**. And, of course, in Michigan, with a number of autoworkers, a great number have qualified for trade readjustment assistance, TRA or TAA, and they are not CETA-eligible. That has presented a problem in terms of getting them enrolled in some of the programs that Mr. Long is talking about.

Many of the training programs they are involved in are those that are developed on an individual basis wherein they pay their own tuition and go, largely, to community colleges, et cetera, for courses such as computer technology fields, and health fields, and so forth, those which we would feel there would be openings.

We are going to have many more CETA-eligible, quite frankly, as these people exhaust their benefits. It is going to increase the number, and they certainly will be eligible in the near future because of this exhaustion.

But you're right, initially, they don't, because of the earnings and the allowances, et cetera, that they have.

Senator **Quayle**. And you're finding that a lot of them are going back to school and receiving training in computer services, did you say?

Ms. **Cozart**. Well, it's all the way across the board.

Senator **Quayle**. Across the board. There's not one particular area?

Ms. **Cozart**. No. No.

Because, as Mr. Long mentioned, the job demands are such that we have difficulty coming up with a lot of programs wherein you would need class sizes and so forth. You might for, like, auto body repair, and medical technologists, et cetera, but you do have a lot of interest. I thought you might be interested in that. Are these people interested in going to school? Yes, they are.

Senator **Quayle**. Do you have a comment?

Mr. **Jones**. Just a comment, which may not be a direct answer, but I think it certainly has strong implications.

In the community college enrollments, every time that there is a downturn in the economy, they spurt dramatically. The last 3 years the community college enrollments have gone up 29 percent in the State, and of that enrollment, the total enrollment in the community colleges is 51 percent, are in the vocational technical programs. I think there is a strong indication that many individuals, as Powell has indicated, are enrolling in the community colleges in some of the specialized areas, but to specifically target in on any given area, it's across the board.

Senator **Quayle**. Let me ask a question I've asked before today on combining the vocational education, training, and employment services. I would like your input from your perspective at the State level, and see if this is a possibility, and the question that either Mr. Moses or Mr. Binford brought up on who would run it. Do you want to take a crack at that?

Mr. **Long**. We will take a crack at that. We joked on the way coming down whether we were together coming in and we would be separate walking out of the room. I'm not sure.

Recognizing that——

Senator **Quayle**. Well, you have seen the unanimity of all the panels.

Mr. **Long**. Right, right. [Laughter.]

Senator **Quayle**. Everybody is very agreeable.

Mr. **Long**. Well, you can see now at State agency level why you have that same unanimity, probably, and I will let the others speak in regard to that.

Quite honestly, I think that it wouldn't, from my own personal perspective as director of department of labor, and I'll describe the uniqueness of Michigan, and it probably isn't unique to some other States as far as differences.

I'm a direct appointee of the Governor. Mr. Loomis is an employee of an elected State board of education, as such, and the representatives from Michigan's Employment Security Commission are employees of a commission that is appointed by a Governor; yet, the commission selects the director of our Employment Services in Michigan. So, you recognize a separation there.

I quite honestly believe that it wouldn't make that much difference in combining from a Federal standpoint voc ed, employment services, labor, what we know as CETA now, and so forth, but I would, again, reemphasize a point I made in my verbal comments, that I think I would strongly urge that Federal legislation not mandate, for example, a single State agency, then, to administer. And I would do that, basically, because I think Governors, Governors and legislatures, as the unique States might fashion it, need the opportunity to determine themselves which of one or more than one agency might best fit into that to administering pieces of that.

I think I also subscribe to the idea of the continued partnership with private sector, and PIC's, and so on, but I believe that some of your comments that I listened to with the previous panel, that public sector does and will continue to have to have some role in what we call the structurally unemployed now, and I think that we should continue to build on some of the partnerships that have been developing, and not allow any Federal or State action, governmental action, to fracture what we think is a beginning relationship and a beginning building relationship between private sector and public sector in bringing in those who are not yet job-ready to a point of job readiness, so that they can fit into, perhaps, the private sector employment training program.

I think there are a number of our citizens in Michigan that just aren't even at that point yet, and we need to intervene. Where we intervene, I think is dependent upon, as I mentioned, voc ed, I believe needs to address some of that category, structurally unemployed, but, again, my own view is that vocational education, education departments or agencies, at State level, and Michigan probably is not much different than others in this respect, are really feeling the crunch with the bearing down, if you will, of public tax money supporting education, and as they do, competition will grow, and as competition grows in the education area, I'm fearful that the structurally unemployed may not get the attention that they need, if we're going to turn some of these things around.

I have spoken enough on that issue.

Senator **QUAYLE**. Does anybody else want to comment on that?

Mr. **LOOMIS**. I would only add that I would emphasize, and support, Bill's comment about——

Senator **QUAYLE**. Pull the microphone up, will you?

Mr. **LOOMIS**. As I started to say, I would emphasize and highlight Bill's comment about the State needing the flexibility to determine where each program or each aspect of a program should be administered. I'm not one of the supporters of the cry that the present system does not work totally.

I think we have some parts of the system that are functioning quite well, and I would advise against throwing those out.

So, what we need to do is to retain those parts of the system that are working, and build on the experience that we have achieved in the past, rather than abruptly turn over the whole system, which would be the equivalent of having to start over again, and discarding the valuable experience that we have learned, even from those parts of the system that have not worked.

Therefore, State autonomy and administration is essential.

Senator **Quayle**. OK.

Mr. **Jones**. I guess I would like to make a couple of comments. I have been in the employment training area since 1965 or 1966, and this is not the first time that this kind of suggestion has come along.

I guess my reaction is that—initial reaction—is that I'm not particularly one who thinks that a superbureaucracy can deal any better with some of our issues than individual components.

We feel that in vocational education, with the institutions that we have, the large number of people enrolled in training, the excellent relationships, at least, in Michigan, that we have with the Department of Labor, and the Employment Security Commission, that putting together in a piece of legislation may not improve anything, and, in fact, I think historically, with our ties, in our way, with the business ministery community, we have got over 15,000 people who are involved in advisory committees, I think it may trigger, unless handled very carefully, a lack of confidence in a system which, I think, over the years historically has and statistically has proven that it is extremely important to the economic well-being of the country.

I would say this, that if such a movement did take place, I would certainly hope that there would be some flexibility at the State level, but that we would build upon what is good, rather than suddenly get into a piece of legislation that may, in fact, destroy some of the confidence that we have and has built up between agencies and institutions over time.

Senator **Quayle**. On behalf of myself and the subcommittee, and those that will be involved in this, we certainly appreciate your testimony, and from the neighboring Hoosier State, we welcome you, hope your football teams don't do too well this year, particularly, when they journey down here. [Laughter.]

But it's a delight to give our best to our dear friend, Governor Milliken, and thank you very much for your testimony. It was very good and very helpful.

And we will look forward to working with you as we go forward. If you come up with any ideas that you want to communicate to us, please feel free.

Mr. **Long**. Thank you.

Senator **Quayle**. Thank you. We appreciate the attendance and testimony.

The next panel, Beverly Hankenhoff from the Indiana Vocational Association; George Kosbab, from the State of Ohio, Department of Education; Robert E. Taylor from Ohio State University; and Lonnie Hart from the Illinois Occupational Information Coordinating Committee.

Would those people please come forward?

Now, then, I know which one is Beverly, and that's about as far as I can go.

Mr. **Kosbab**. I'm George Kosbab.

Mr. **Taylor**. I'm Robert Taylor.

Mr. **Hart**. I'm Lonnie Hart.

Senator **Quayle**. Beverly will be our leadoff witness.

That's a microphone right there. I thought these other things were microphones. That's for the court reporter, so if you will just pass the microphone down, and it will help the people in the back to hear, and I can hear better, too.

Welcome. And go ahead and proceed.

Ms. **Hankenhoff.** Thank you. Good morning.

STATEMENT OF BEVERLY HANKENHOFF, PRESIDENT, IVA AND VOCATIONAL DIRECTOR OF NEW CASTLE AREA VOCATIONAL SCHOOL; ACCOMPANIED BY CHARLES FIELDS, AREA VOCATIONAL DIRECTOR, NEW ALBANY; GEORGE C. KOSBAB, ASSISTANT DIRECTOR FOR ADMINISTRATION, CURRICULUM AND STAFF DEVELOPMENT, DIVISION OF VOCATIONAL EDUCATION, STATE DEPARTMENT OF EDUCATION, COLUMBUS, OHIO; ROBERT E. TAYLOR, EXECUTIVE DIRECTOR, THE NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION, COLUMBUS, OHIO; LONNIE HART, CHAIR, ILLINOIS OCCUPATIONAL INFORMATION COORDINATING COMMITTEE, AND MANAGER OF SPECIAL PROGRAMS, STATE BOARD OF EDUCATION, STATE OF ILLINOIS

Ms. **Hankenhoff.** It's a privilege for us, and a pleasure, to have an opportunity to testify this morning.

I think Governor Orr, in his earlier message, told you some important facts about Indiana and some steps that we are taking to move in a more effective direction.

One of the concerns, of course, is that any critical issues in employment and training naturally involve vocational education; and, its role in relationship to employment and training has been very obvious from some of the questions and testimony this morning.

The need for sound education and employment training policies must be a primary part of the national thrust. Increased individual productivity and improved economic health must be high priorities for local, State, and National administrations.

The role of vocational education in those priorities is critical. Indiana is more aware of these priorities, and has been more involved in addressing these issues at the State and local level than many other States.

Our system in Indiana is unique. It is a system developed by Indiana people to meet the needs of Indiana people. Likewise, every State has its own unique system currently in different stages of growth and development. While national priorities and directions can be established at the Federal level, the implementation of these priorities occurs in the States at the local level; thus, specific latitude for implementation must be established, and national policies should emphasize innovative approaches and cooperative efforts.

Collaboration, cooperation, and coordination of Federal and State agencies to draw upon the expertise and the resources of each for the common good would provide a model to be followed by all segments of this Nation.

Each time this Nation and our States have faced a major challenge, whether boom or bust, the people and the institutions of this Nation have worked together and used the synergistic approach, each contributing to the other, for the good of all.

Clear incentives and expectations for collaboration at the State and local level are needed from the Federal level. By example, and by direction, the Federal Government should make the collaboration for the delivery of services a national priority.

An environment should be created, using the strength and flexibility of each group and each individual, to increase the productivity of all. We in Indiana have already made several steps in this direction. And the State and local systems have demonstrated a capacity to work together to deliver better services and better utilization of the diverse resources available to all of us. Joint endeavors of independent State agencies and their counterparts at the local level have proven the value of collaborative efforts to better services and resource utilization.

An appropriate objective for a national training and employment effort should address the economic revitalization of our citizens and our country. The human resources in this country are as vital as the capital resources. The foreign countries that have accepted the necessity to invest in their human resources in the labor force have consistently outdone us economically.

The role of vocational education is to develop productive citizens and is the mission of vocational educators in Indiana and throughout the Nation. The merit of vocational education and the adequate support of this delivery system as a vital part of training are concerns that must be addressed by this committee and others.

One of the Nation's major concerns is unemployed youth. Youth with opportunities to develop self awareness, of basic job skills, an understanding of the dignity of work, and leadership skills, and who also have assistance with the transition from the world of school to the world of work, become productive citizens upon completion of high school. In Indiana, we can substantiate the continuing success and need for vocational education that serves both teenagers and adults. Delay in developing the productivity of teenagers can create greater potential for special support services, maintenance services, and individual institutional services. The expression "busy hands are happy hands" is not trite. With teenagers it sets a pattern or a model for their entire lifestyle and their entire existence.

As we look toward the 21st century, our projected population and our projected employment needs indicate that all segments of our population will need to be productive citizens. The current unfilled jobs at the technical level and the specific occupations that are already showing shortages are opportunities for upward mobility for many workers. These opportunities, when filled, provide entry level jobs for new people entering the job market. Therefore, to place all emphasis on one level of employment and training, or one level of vocational education, or one age group, or one occupational cluster, or one delivery system, will not provide the multiplicity of opportunities currently needed to provide the human resources for employment in the private and public sector in the next two decades.

Institutions, public and private, as well as individuals, do not and cannot change overnight. Consistent national priorities with general guidelines should be developed which allow States to set performance standards, provide more specific guidelines, and provide mechanisms to govern the implementation of the national policy.

The governance process should be designed to assure a collaborative approach which will utilize the resources that exist within each State.

The primary thrust of national policy should be to develop on existing services and to bring them together through a collaborative focus. State and local planning and delivery of services must be recognized. The ultimate question asked by business, industry, or an individual is, What is available in my community?

Existing delivery systems in Indiana are experienced in working with each other and with similar populations. It makes sense to use this expertise and experience as well as common priorities and objectives. Agencies and groups at the local and State level who work together for the common good on common priorities should have incentives and rewards which encourage them to try even more innovative ideas and to apply research and development techniques toward problem-solving. Agencies and groups that do not work together or fail to combine their expertise for the common goal should understand that this is not an acceptable procedure.

It is our hope that congressional policy will create an environment in which individuals, local communities, the State of Indiana, and the Nation, have common, identifiable, and acceptable goals and purposes in an effort to improve both the quality and the quantity of our collective efforts. Training, education, and employment services are priority considerations for improving the economic health of Indiana, as well as the Nation.

I repeat: People's attitudes do not change quickly. New ideas and new approaches rarely find overnight acceptance. In order to provide for long-term planning, stability of services, and, acceptance by the private sector, and, to encourage long-term collaborative efforts, multiyear funding must be a consideration for all the major deliverers of training, education, and employment services.

The concept of the quality circle of the Japanese is being studied and implemented in many American firms and is one that will also work in the public sector to improve, change, redesign, and create better approaches to the solutions for national priorities in employment and training.

We, the vocational educators in Indiana, understand the challenges of the next two decades. We face these each day in our local communities working with students of all ages and backgrounds in planning, linking, and cooperating with local and State agencies and public and private sector employers. We stand ready to pledge our continued cooperation, our expertise, and our resources, to insure an effective network for the delivery of vocational, education, training, and employment services to our community, to our State, and to our Nation.

Thank you.

[The prepared statement of Ms. Hankenhoff follows:]

STATEMENT

OF

BEVERLY HANKENHOFF

PRESIDENT

INDIANA VOCATIONAL ASSOCIATION

FOR THE

SENATE SUBCOMMITTEE ON

EMPLOYMENT AND PRODUCTIVITY

CHAIRMAN

THE HONORABLE DAN QUAYLE

August 25, 1981

Indianapolis

CRITICAL ISSUES FOR EMPLOYMENT AND TRAINING POLICY

Any discussion on the critical issues in employment and training involves vocational education and its role and relationship to employment and training. The need for sound education, employment, and training policies must be a primary part of the national economic development thrust. Increased individual productivity and improved economic health must be high priorities for local, state, and national administrations. The role for vocational education in those priorities is identified as critical by most people. Indiana is more aware of these priorities and has been more involved in addressing these issues at the state and local level than many other states. Indiana's vocational education system consists of a partnership between government, business, industry, agriculture, and labor to provide the resources necessary for delivery of programs and services to students who desire and can benefit from such education and training.

Indiana's system for the delivery of vocational education opportunities to Hoosier citizens is unique. It is a system developed by Indiana people to meet the needs of Indiana people. This unique delivery system has evolved over the past sixty-seven years with a history of growth and development. This system involves government (local, state, and federal); business, industry, agriculture, and labor; and, the students.

Each state has its own unique system currently in different stages of growth and development. While national priorities and directions can be established at the federal level, the implementation and impact of these priorities occur in the states at the local level. Thus, specific latitude for implementation must be established at the state and local level. For successful implementation of national policies on employment and training, emphasis must be placed on creative and innovative approaches, the involvement of both public and private sectors, and collaboration with other organizations building on those common objectives (to address the employment issues of our state and nation). We have found inter-agency collaboration to be one of the most effective approaches to improved delivery of services. Collaboration, cooperation, and coordination of federal and state agencies to draw upon the expertise and resources of each for the common good or success of economic development and productivity in this country would provide a model to be followed by all segments of this nation.

Each time this nation has faced a major challenge, whether "boom or bust," the people and institutions of this nation have worked together and used a synergistic approach, each contributing to the other for the good of all. This basic ideal of America is not lost. We simply need to remind ourselves of our heritage and meet this new challenge. The commitment of our country and our state to a productive citizenry is the keystone of our democracy. This commitment requires dedication, concern, and collaboration.

Clear incentives and expectations for collaboration at the state and local level are needed from the federal level. By example and by direction, the federal government should make the collaboration for the delivery of services a national priority. Indiana has already made several steps in this direction, and state and local systems of vocational education, welfare, CETA, adult education, commerce, and postsecondary education have demonstrated a capacity to work together to deliver better services and to better utilize the diverse resources available.

Appropriate objectives for a national training and employment effort should address the economic revitalization of our citizens and our country. Economic development, increased productivity, and coordination of the existing services of the private and public sectors are vital components for revitalization.

The human resources in this country are as vital as the capital resources. The role of vocational education is to develop productive citizens and is the mission of vocational educators in Indiana and throughout the nation. The merit of vocational education and the adequate support of this delivery system as a vital part of training are concerns that must be addressed by this committee and others.

CETA, vocational education, employment services, vocational rehabilitation, and other agencies which deliver training, education, vocational rehabilitation, and other agencies which deliver training, education, and employment services are independent agencies which endorse compatible objectives on which to build. Joint endeavors of these agencies and their counterparts at the local level have proven the value of collaborative efforts through better services and resource utilization which have benefited the citizens of Indiana.

Training, retraining, and upgrading are all a part of vocational education that must be addressed if people and businesses are to become more productive and competitive--both at home and in the world market.

One of the nation's and large cities' major concerns is unemployed youth (with a higher unemployment rate than adults in almost every part of the nation). Youth without basic vocational education and training during their high school years have little to offer either the private or public sectors (including the military). Youth with opportunities to develop self-awareness, basic job skills, an understanding of the "dignity of work," and leadership skills, and, who also have assistance with the transition from the world of school to the world of work, become productive citizens upon completion of high school. In Indiana, the secondary and postsecondary vocational education programs can substantiate, with data and followup statistics, the continuing success; and thereby the need for vocational education at both levels to serve teenagers and adults. The unemployment rate for students who have vocational education during high school is significantly lower than for those who did not. And, in some communities, this unemployment rate is lower than the adult unemployment rate. Productivity is important for citizens of all ages. Delays in developing the productivity of teenagers create greater potential for special support services, maintenance services, and institutional services for these people. The expression "busy hands are happy hands" is not trite; with teenagers as well as adults it is true! And, with teenagers, it sets a pattern or model for their entire life style and expectations.

Teenagers who are dropouts, adults without saleable skills, and adults with obsolete skills, are also target populations that must form a part of the productive citizenry of this state and the nation. As we look toward the 21st century, our projected population and projected employment needs indicate that all segments of our population will need to be productive citizens. The senior citizens and the handicapped will play an even greater role in the productivity of our nation than many have yet identified.

The current unfilled jobs at the technical level, and the specific occupations that are already showing shortages--such as the allied health field, computer and service occupations, as well as the development of small businesses--are opportunities for "upward mobility" for many workers. These opportunities, when filled, provide entry level jobs for new people entering the job market. Therefore, to place all of the emphasis on one level of employment and training, or one level of vocational education, or one age group, or one occupational cluster, or one delivery system, will not provide the multiplicity of opportunitites currently needed to provide the human resources for employment in the private and public sectors the next two decades.

During recent years, federal legislation has changed priorities and funding in each part of the training and employment components, and has been concerned with the state and local level's inabilities to respond to these changes and provide data and innovations while learning and working with people. Just about the time some expertise is developed, or successes begin to occur, new priorities are established resulting in change. Institutions, public and private, as well as individuals, cannot change overnight. Consistent national priorities with general guidelines should be developed which will allow state governments to set performance standards, provide more specific guidelines, and develop mechanisms to govern the implementation of the national policy. The governance process should be designed to assure a collaborative approach which will utilize the resources that exist within each state.

Local agencies will be most capable of program design and application for the people of their own communities. Training, education, and employment services exist in a variety of forms in every community. The primary thrust of the national policy should be to build on these existing services and to bring them together through a collaborative focus. Local planning and delivery of services must be recognized. The ultimate question asked by business, industry, and individuals is: "What is available in my community?"

Existing delivery systems in Indiana are experienced in working with each other and with similar populations. Within these systems is an accumulation of resources and skills. It makes sense to utilize this expertise and experience, as well as common priorities and objectives, through collaboration. The effective linking of diverse agencies will produce greater results than the sum of their results, should they act independently. This same synergism should occur at the federal level and in every state.

Agencies and groups at the local and state level who work together for the common good on common priorities should have incentives to try even more innovative ideas and to apply research and development techniques toward solving problems. Agencies who do not work together or combine their expertise for the common goal, should understand that this is not the intent nor an acceptable policy to follow. For many years the philosophy of "reward and punishment" has been discussed, but we often forget that it works at all levels with individuals and with groups and agencies. Rewards for non-cooperation, for game playing, for empire building, or for roadblocking have no place in the local community, in Indiana, or in the nation today.

The concept of the "Quality Circle" of the Japanese that is being studied and implemented by many American firms is one that will also work in the public sector to improve, change, redesign, or create better approaches to the solutions for national priorities in employment and training.

Though model programs may exist in many communities and states, model programs cannot be mandated and be successful when exported to new sites. We have learned that the most complicated programs can develop linkages and cooperation that works if individuals want them to work; the most perfect model will fail if individuals want it to fail. Just as vocational education must take a person where he/she is and build from there if it is to be successful, the federal government should take states where they are and build by providing incentives, rewards, and assistance for the states to move in the direction established by national policies and priorities. The flow of responsibility and dollars without due consideration for these facts will fragment efforts and detract from the potential impact of the policy.

Once the private and public sectors and individuals understand their missions and roles in the quality of American lives, the defense of the nation, and our ability to successfully compete in the world market, collaboration, cooperation, utilization of diverse resources, and "togetherness" will be the basis for implementation of the national employment and training policies.

Perhaps Indiana, as one of the states with a longer period of concern about employment, education, and training, has developed (through necessity) some techniques for collaboration, coordination, and utilization of resources that would be beneficial to others. The need for economic survival and development of these survival skills for individuals, communities, and a state, are certainly incentives for cooperation, collaboration, utilization of resources as well as a good learning experience in the value of synergism.

Training, education, and employment services are priority considerations for improving the economic health of Indiana. People's attitudes do not change quickly. New ideas and approaches rarely find overnight acceptance. In order to provide for long-term planning, stability of services, and acceptance by the private sector, and, to encourage long-term collaborative efforts, multi-year funding must be considered for all of the major deliverers of training, education, and employment services.

It is our hope that Congressional policy will create an environment in which individuals, local communities, the State of Indiana, and the nation have common, identifiable, and acceptable goals and purposes. These common goals and purposes will reduce fragmentation of effort and improve both the quality and quantity of our collective efforts. We all share an obligation and must approach these issues with our best effort.

We, the vocational educators in Indiana, understand this challenge. We face it each day in our local communities working with students of all ages and backgrounds, and planning, linking and cooperating with local and state agencies and public and private sector employers. We stand ready to pledge our continued cooperation and collaboration, our expertise and experience, and our resources to an effective network for the delivery of training and employment services for our communities, our state, and the nation.

Senator **Quayle**. Thank you very much, Beverly. That was a very fine presentation.

Next, Mr. Kosbab. Pass the microphone down to him, please.

STATEMENT OF GEORGE C. KOSBAB, ASSISTANT DIRECTOR FOR ADMINISTRATION, CURRICULUM, AND STAFF DEVELOPMENT, DIVISION OF VOCATIONAL EDUCATION, STATE DEPARTMENT OF EDUCATION, STATE OF OHIO

Mr. **Kosbab**. Senator Quayle, I am George Kosbab, assistant director for administration, curriculum, and staff development for the Department of Education, Division of Vocational Education, State of Ohio.

I am here on behalf of Dr. Byrl R. Shoemaker, who is our executive director for vocational and career education, who is unable to be here today. I believe he is in Washington on other congressional business.

I believe you have copies of his testimony, and I would just like to highlight for you for purposes of the audience and yourself here.

We feel that the public education system is a great system, great in the State of Ohio, as well as this Nation. And that the topic of employment productivity is very commendable in terms of the role that vocational education can play to bring the great Nation of the United States into a competitive market and improve the reindustrialization and the productivity of our work forces

The competitiveness in the world market and efforts to improve our national defense are also of great significance and importance.

However, there is a problem of a shortage of skilled workers present with us today and affecting our productivity.

Recently the Cleveland Plain Dealer inserted an article by TRW Co., which indicated that there was a shortage of 2,000 machinists in the Cleveland area alone.

We have provided vocational education to many of the communities in that area, and I find, as a result of working with the TRW and the Machine Trades Council in the Cleveland area, that vocational students are getting better employment and more employment in trade programs.

However, there is a need to bring these people on up to the journeyman level through appropriate apprenticeship programs, and other on-the-job training programs. Also, as reported recently, that there is a total of 31,000 job openings per year for machinists and tool-and-die makers between now and 1990, but only 5,000 tool-and-die makers and machinists completed registered training programs during 1978.

Predictions of many economists, including that of Herb Streiner of the American University, who also served as consultant to the NBC white paper, "If Japan Can, Why Can't We?", suggests that by 1985 there will be a serious shortage of skilled workers in the United States.

James Campbell, chairman of the U.S. Chamber of Commerce's Education and Employment and Training Committee, in testimony before Congress, indicated that improved education in schools would go a long way to eliminate the need for Federal programs such as the Comprehensive Employment and Training Act.

> We find that it [CETA] has been costly and it has not been effective in training. That can best be done by established educational systems and by employers.

And that is a quote from Mr. Campbell.

Vocational education can provide initial training to youth and adults in order to make them employable, giving them beginning skills upon which industry can build. Vocational education can provide supplementary training to skilled workers in relationship to both knowledge and skills both on or off the worksite while they are employed in industry as a learner or an apprentice, allowing for vertical mobility among those who are coming in with entry level skills.

Ohio has served 262,000 high school youth, and 297,000 adults in 1980. Forty percent of all students in the last 2 years of high school are in job training, vocational programs, and the rate of placement of 4 months after graduation showed that 94 percent were on jobs and 70 percent of those were in jobs for which they had received training.

I might add, sir, that the amount of training that they receive in the vocational programs in the State of Ohio equates to primarily three-fourths of a school day for a 2-year period of time with a trades person from industry providing that kind of training. And these students are taking that program on a voluntary basis, and no one is coercing them or talking them into it. They find that it is a viable approach to the current educational system as an alternative for college preparatory programs.

Also, in the State of Ohio, these students can continue their higher education program since they do not receive any degraded high school diploma, which would prevent them from entering an institution of higher education.

Since 1965, Ohio's invested over $534 million in vocational education facilities and equipment. This has been made available to youth and the adults that have access to vocational training throughout the State.

As you can determine from the followup report that was enclosed with the papers that we sent to you, the amount of vocational education received makes a significant difference in the employer's evaluation, and that we found that the people who did not complete the program or had less training than others received lower evaluations from employers than those who had completed the program with intensity.

The Jeffery Manufacturing Co. in Columbus recently sent us a letter that it has reduced its turnover in its welding employment from 70 percent per year to 15 percent per year by working closely with vocational schools and the employee graduates from a welding program.

The cost analysis conducted by this company shows that $60,000 per year has been saved by the close liaison with the vocational schools.

The significant investment in vocational education in the State of Ohio was motivated by Gov. James A. Rhodes, who became Governor in 1962, and was convinced that work, not welfare, provide the answers to the future of our State and Nation.

In the past year and a half, we have noted a significant growth of interest in industry and business, and the effective use of training for both reindustrialization and increased productivity.

In June of this year, Iron Age magazine described an educational program initiated for 6,000 hourly workers between the General Motors Corp., the State of Ohio, the Department of Education, and the Department of Economic and Community Development. This training program is not only training skilled workers but also a total pattern for management training within industry.

This program was funded by the division of vocational education, State department of education, and the department of economic and community development and will cost in the neighborhood of $390,000. Of this, vocational education will pay approximately $100,000, and the difference has to come from other State sources that are not a renewable source.

One essential feature in reindustrialization and productivity would be the issue of management training, as we watch Japanese management take the same workers that have been so maligned for being unproductive, and produced goods efficiently, of high quality, with the same workers.

At the present time, we have contracts, similar to the one with the General Motors plant in Dayton, Ohio, with the General Motors plant in Lordstown, which is expanding its work force; a bus manufacturing plant in Delaware, which has problems relating to quality and productivity. The Pre-Finished Metals Corp. in Toledo, Ohio, and number of other plants are requesting assistance, including plants that anticipate a significant expansion as the defense production efforts are initiated.

We simply do not have the funding available to the division of vocational education in the State department of education, or through the department of economic and community development to be of assistance to industries and businesses in our State as they request training to meet the challenges of reindustrialization and increased productivity.

The availability of training to industry is also important to the welfare of people.

Not all States use their vocational education systems for reindustrialization and productivity training, but all States could initiate such program efforts if funding was provided through the Vocational Education Acts or supplements to this act focused on reindustrialization and productivity.

More youth and adults in the Nation are getting a program at a reasonable price than can be accomplished by any other training system.

I would suggest that funding for training be separate entirely from stipends; that income maintenance be left to the area of welfare and unemployment compensation.

Industry and business needs to be encouraged to expand apprenticeships, so that some other pattern of learning or through other patterns of learning, apprenticeships, or learning arrangements, can get credit for skills and knowledge learned in the preapprenticeship training programs through vocational education.

The apprenticeships must be based upon a competency achievement level rather than a set number of years of training for journeymanship programs.

There are new processes coming out in terms of plastic bodies, with the after-market with the insurance companies providing the expensive item of equipment required for training and participating in the cost of the training.

We have trained 12 teachers throughout the State of Ohio who, in turn, train other teachers to invest and readjust their curriculum to meet the training manpower for the after-market of the automobile industry.

Billions of dollars have been expended through emergency programs at the national level, and much of it has gone into income maintenance, which has left the people fully prepared to earn a living when the income maintenance is stopped.

The public vocational education program in this Nation has proven to be a very sound investment and is the only Federal program which has generated more matching moneys at the State and local levels than have been provided from the Federal Government level.

The success of our economy and the effectiveness of our defense depends upon people, trained people.

Vocational education and our public education system represents the only real resource available to provide the initial training for youth and adults to enter further training in industry and for the upgrading of the existing work force.

We encourage you to make effective use of the public vocational education system as part of the solution to the issues of concern of your committee.

I thank you, Senator.

[The prepared statement of Mr. Shoemaker follows:]

Testimony

U.S. Senate Sub-Committee on Employment and Productivity

By Byrl R. Shoemaker, Executive Director
Vocational and Career Education
State of Ohio

August 25, 1981

Senator Quayle and members of the Sub-Committee on Employment and Productivity my name is Byrl R. Shoemaker, and I am Executive Director for Vocational and Career Education in the State of Ohio. I am pleased to have the opportunity to appear before you this morning to testify concerning the relationship of Vocational Training programs operated by the public education systems of this great nation; and the topic of Employment and Productivity that is the subject of study by your committee.

I commend the Senate for their recognition of the issues that we face today in relationship to this topic and the long-term implications to this nation in terms of both our competitiveness in the world markets and our efforts to improve our national defense. The problem of a shortage of skilled workers present with us today is affecting our productivity, and will seriously affect our ability to expand our efforts for improvement of our national defense.

Appendix A, attached to this testimony is an article which appeared in the Cleveland Plain Dealer on April the 8th inserted by the TRW Company. It indicates clearly the shortage of two thousand machinists in the Cleveland area right now and provides information on the organization put together by thirty local manufacturing and labor organizations who work with vocational education and the public schools to train students in basic machining. The Cleveland Machine Trades Association established by those thirty local manufacturing and labor organizations also has prepared a film and materials that are used in the public schools to encourage young people to enroll in the machine trades program. Their efforts have resulted in an additional enrollment in the existing vocational machine trade programs operated for students in the last two years of their high school program. The article goes on to explain that even though we provide the students with the basic training up to the point of employability, industry must accept a responsibility for the continuing of those people in training through apprenticeship for other patterns of learning to the point where they become recognized as a capable journeyman.

Attached as Appendix B, is a report from a task force on skilled trade shortages which indicates there will be an average of thirty-one thousand job openings per year for machinists and tool and die makers between now and 1990; but that only five thousand tool and die makers and machinists completed registered training programs during 1978. Shortages are growing in all the skilled trades areas, such as welding, electronics, computer programming, stenography. The Business Roundtable has a series of committees studying the problem of the shortage of workers in the construction trade as they look toward the amount of building that must be done in this next ten years. The companies represented on the Roundtable simply do not believe there are sufficient workers in the commercial construction crafts so that buildings can be completed on time, economically and without costly over runs. Predictions of many economists including Dr. Herbert Streiner of the American University suggest that by 1985 there will be a serious shortage of skilled workers in the United States.

In addition to the shortage of skilled workers, changes in the industrial processes and products will require significant up grading training of the present persons in the skilled work force if productivity is to increase within the industries of America. The addition of computers to automobiles, change in the materials within the automobile body, the increased use of CNC machines in the machining industry, welding processes for new materials, new techniques of computer designing of machines, repair and maintenance of robotics and the list goes on and on point up the necessity not only for additional skilled workers but the updating of existing skilled workers and makes the concern of your committee of prime importance to this nation.

James Campbell, Chairman of the U.S. Chamber of Commerce's Education and Employment and Training Committee in testimony before congress indicated that improved education in the schools would go a long way to eliminate the need for federal programs such as Comprehensive Employment and Training Act. He suggested in his testimony that the training should be left to public education. He emphasized the problems we face when he stated "industrial productivity will rise substantially in the next five years. . . the question is will we have the people, we have a shortage of skilled workers today". Speaking about federally sponsored job training, Mr. Campbell stated "It's costly and has not been effective education and training can best be done by the established education system and by employers." I recognize that the solution to the problem does not rest solely with vocational education, and that as stated by Mr. Campbell it will require a close cooperation between the education system and employers.

Vocational education can provide initial training to youth and adults in order to make them employable, give them beginning skills on which industry can build. Vocational education can provide supplementary training to skilled workers in relationship to both knowledge and skills both on or off of the work site while they are employed in industry as a learner or an apprentice. Vocational education can also assist persons who are employed as skilled workers at the present time to up grade themselves in terms of new skills, new processes or new products.

Using Ohio as an example of the job training presently provided and the resources existing within the vocational education system over the nation, I can point out to you that in 1980, the last year for which full data is available, Ohio served two hundred sixty two thousand high school youth and two hundred ninety-seven thousand adults. Forty percent of all students in the last two years of high school were in job training vocational education programs and the rate of placement four months after graduation of those not continuing on in other educational programs was ninety-four point six percent. Over seventy percent of those placed were in occupations directly related to their vocational training. In most of our major cities, the percentage of students enrolled in job training vocational education programs exceeds the forty percent average for the state. Since 1965, Ohio has invested over five hundred thirty-four million dollars in vocational education facilities and equipment in order to make available to all youth and adults in the state of Ohio an adequate program of vocational education. The five hundred thirty million dollars expended came from the following sources: local funds $250,534,844.00, state funds $177,913,279.00, federal vocational education and Appalachian regional commission funds $102,141,338.00.

The vocational education programs in Ohio have been judged as successful as indicated on many evaluation types of studies that have been conducted. Appendix C is a summary of the employer follow-up on graduates from the high school vocational programs. You will note in this report that employers gave a very high mark to vocational education graduates in comparison to graduates from the general program. You can also determine from the report that the amount of vocational education received makes a significant difference in the employers evaluation.

Appendix D is a study completed by the state legislature on the vocational education program using follow-up contacts with employers and graduates. The state legislature wanted an evaluation of vocational education since the state has been investing a significant amount of money in the vocational education programs.

Appendix E is a letter received recently by the state advisor of the Vocational Industrial Clubs of Ohio indicating that one company, Jeffery Manufacturing Company has reduced its turnover in its welding employment from seventy percent per year to fifteen percent per year by working closely with the vocational schools and employing graduates from the welding programs. The cost analysis conducted by this company shows that sixty thousand dollars per year have been saved by the close liaison with the vocational schools.

The significant investment in vocational education in the State of Ohio was motivated by Governor James A. Rhodes who became Governor in 1962, and was convinced that work, not welfare, provided the answers to the future of our state and nation. As he worked with industries looking to locate in or expand in Ohio, he found that each industry had a question upon the source of training for the new or expanded workforce. He proposed legislation therefore, which made possible the broad expansion of vocational education in Ohio, which vocational facilities serve both youth and adults. The vocational education program in Ohio therefore, is looked upon as one of the resources for industry and business. In the past year and a half, we have noted a significant growth of interest in industry and business in the effective use of training for both re-industrialization and increased productivity.

Attached as Appendix F is an article from the June 22 issue of Iron Age which describes the educational program initiated for six thousand hourly workers between the General Motors Corporation, the State of Ohio's Department of Vocational Education, and Department of Economic and Community Development. This training program involved not only training for skilled occupations, but a total pattern of training including management training, development of instructional materials and audio visual aids essential for the training of workers, orientation program for all workers being recalled into employment, skilled training off-site, and training of repetitive skills on-site. Our experiences with this industry and other industries suggest that top management have not been aware of the training resources available through vocational education and that we in vocational education have not been aware of the scope of training needed by industry and business. The total training effort funded by the Division of Vocational Education, State Department of Education and the Department of Economic and Community Development will cost in the neighborhood of three hundred and ninety thousand dollars. Of this, vocational education will provide approximately one hundred thousand dollars and the difference had to come from other state sources that are not a renewable resource.

One essential feature in re-industrialization and productivity will be the issue of management training as we have watched Japanese management take the same workers that have been so maligned for being unproductive and produce goods efficiently and of high quality with these same workers. We have learned in vocational education that we must work with top management, find out the problems that top management faces and then develop training programs involving management training, orientation training, skill training and audio visual material development as we deal with re-industrialization or productivity.

At the present time, we have contracts similar to the one we have with General Motors in Dayton Ohio with the General Motors plant at Lordstown which is expanding the workforce, the Grumman Bus Manufacturing Plant in Delaware Ohio which has had problems relating to quality and productivity, the Pre-Finished Metals Corporation in Toledo Ohio and a number of other plants are requesting assistance including plants that anticipate a significant expansion as the defense production efforts are initiated. We simply do not have the funding available to the Division of Vocational Education in the State Department of Education, or through the Department of Economic and Community Development to be of assistance to industries and businesses in our state as they request training to meet the challenges of re-industrialization and increased productivity.

The availability of training to industry is also important to the welfare of people. As an example, one of our area coordinators in vocational education whose full-time job is to work with top management concerning their problems visited an industry employing a thousand people in a small city. Discussions with the plant manager indicated they planned to close down the plant and move to a southern state because the plant was not being productive. The representative for vocational education is now working with the management of that plant to determine the type of management and worker training would be necessary to make the plant productive and therefore hold the thousand jobs in that little community. We may be able to retain the company and the jobs.

Not all states are effectively using their vocational education system for re-industrialization and productivity training but all states could initiate such program efforts if funding was provided through the Vocational Education Acts or supplements to this act focused upon re-industrialization and productivity.
I would encourage you to consider directing the responsibilities for training through the existing public system for vocational education which is delivering training to more youth and adults than any other training system in the nation at a more reasonable price than can be accomplished by any other system of

training. I would suggest that funding for training be separated entirely from stipends, that income maintenance be left to the area of welfare and unemployment compensation.

Industry and business must be encouraged to expand apprenticeships so some other pattern of learning in which the apprenticeships or learner arrangements give credit for skills and technical knowledge learned in the pre-apprenticeship training programs through vocational education. The apprenticeships must be based upon a competency achievements rather than upon a set number of years of training for journeymanship level.

A significant effort must be made in the upgrading of existing workers. An example of this would be the cooperative effort that has been established in Ohio between insurance companies, the automobile after market and the vocational education programs in the public schools. Upon request of the insurance companies and the after market, twelve vocational education centers were selected and the auto body teachers from these centers will be trained at the General Motors Center in Detroit in the new processes for repairing plastic bodies. The trained instructors will then train persons from the auto body shops in the area, with the after market and the insurance companies providing the expensive item of equipment required for the training and participating in the cost of the training. Instructors of other vocational auto body programs will also be included in the training pattern. This is an effort to upgrade the auto body repair personnel to save both customers and the general public money as a massive changeover from metal bodies to plastic type bodies is initiated.

Billions of dollars have been expended through emergency programs at the national level and much of it has gone into income maintenance which has left the people poorly prepared to earn a living when the income maintenance is stopped. Billions of dollars annually have been expended through the Comprehensive Employment and Training Act Programs while only approximately seven hundred and eighty million dollars is invested annually in all vocational education programs from the federal level in FY-81. The cost of the administration of the federal funds at the state level in Ohio was only percent of the federal funds made available to Ohio in Fiscal 1980. The public vocational education program in this nation has proven to be a very sound investment and is the only federal program which has generated more matching monies at the state and local levels than have been provided from the federal government level.

Significant federal assistance is needed if we are to meet the challenge of training for re-industrialization and productivity in this decade. The success of our economy and the effectiveness of our defense will depend upon people, trained people. Vocational education in our public education system represents the only real resource available to provide the initial training for youth and adults to enter further training in industry and for the upgrading of the existing workforce. I encourage you to make effective use of the public vocational education system as part of the solution to the issues of concern to your committee.

(Note: In the interest of economy, the appendixes to Mr. Shoemaker's statement were retained in the files of the Committee.)

Senator **Quayle**. Thank you very much, Mr. Kosbab.

And, also, thank you for your very fine summation and submitting a very detailed analysis. We certainly appreciate the work and endeavors that you put in.

Next, Mr. Taylor.

STATEMENT OF ROBERT E. TAYLOR, EXECUTIVE DIRECTOR, THE NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION, OHIO STATE UNIVERSITY, STATE OF OHIO

Mr. **Taylor**. Thank you.

Senator Quayle, I am the executive director of the National Research Center for Vocational Education at the Ohio State University, which is a comprehensive research and development center, that receives funds from several sources, and is concerned with various kinds of employment and training programs, including vocational education.

My comments today will be based not only on what we have learned in working in vocational education, but also from working in other types of employability programs.

I want to commend you for your pursuit of a comprehensive employment and training policy as a context for the reauthorization of CETA. This is an important first step in identifying the effective articulation of the Federal role in various employment and training programs, which together should form a coherent and coordinated human resource policy.

As I indicated, we are concerned with various employability systems beyond that of vocational education. And to guide us in that endeavor, we have formulated what we think may well be the Federal macropolicy question, which, in effect, is what agencies best prepare which individuals for what kinds of occupations, under what conditions, with what effects, at what stage of their lives, with proper attention to their general education development and role as citizens in a democratic society?

It is clear that we need to know a great deal more about each of these employability systems, the clients they serve, the kinds of occupations for which they provide preparation, and the relative success of completers.

Additionally, we need to have a better understanding of how these systems interact, and the manner in which they aid various individuals at various stages of their lives. Toward this end, I'm recommending, then, that in the reauthorization process attention be given to expanding provisions for research, development, evaluation, and policy studies, that would enable us to better understand not only the individual delivery systems and their relative success, but also their interactions as we move toward a more comprehensive and coherent human resource policy.

Research and development funds are needed to address the broad questions and the interactions of subsystems. Too frequently now, R. & D. money is focused on categorical dimensions of individual delivery systems.

With respect to the questions that you have raised in the Congressional Record, it seems to me that the primary purpose of a Federal employment and training policy is the optimal development of human resources. Such a policy, obviously, must recognize the need to contribute to economic development, while attending to the reality that you cannot train away unemployment. Jobs must be available.

Additionally, it must strongly emphasize access and equity to appropriate training and jobs.

With respect to the question, What are the best methods for carrying out the objectives of employment and training policy, I would like to suggest two major roles for the Federal Government.

One of providing Federal targeted training assistance to State and local communities.

And, second, that of providing research and development and other capacity building services that would strengthen State and local capacities.

With respect to targeting, it seems to me that we need to be concerned with such areas as shortages of skilled workers, high technology, training for the hard-to-employ, and the retraining of displaced workers.

With respect to research and development and other capacity building services, we need research, development, and field testing of new methods and procedures, conducting of demonstrations, and experimentation on new program options. We need to provide information services and dissemination activities that would foster improved practices throughout the various employability systems, so that things that are learned in vocational education could be transmitted to CETA, apprenticeship, the military, and to other areas.

We need more extensive evaluation and policy studies to guide program improvement and redirection, and to provide better data for policymakers at the Federal, State, and local levels. Staff development is also needed.

Additionally, these resources should be able to study the full range of issues in the employability and training system and the interactions and coordination of the various elements of the system.

Too frequently now, the resources that are available are targeted to a single categorical phase of that broader system.

You raised the question: Can the diverse sets of programs which constitute employment and training systems be coordinated? In an absolute sense, probably not, but we ought to try, and I think we're making progress.

I think there is data available that shows there are pockets of coordination; that articulation is improving. It's not consistent nationwide. A recent study by the U.S. Conference of Mayors indicates that coordination between CETA and vocational education is improving.

We need continued research. We need common data bases. We need clearinghouse services on information. We need a basis for updating instructional materials, sharing equipment, and training personnel.

Additionally, we ought to be considering similar fiscal years, common definitions, shared advisory committees, similar accountability systems, joint funding, and shared activities.

It is also important that we think in terms of organizational structures that can interface at various levels and areas of jurisdiction and responsibility.

Let me also suggest that the American public education system and vocational education can continue to provide a tremendous service to employment and training.

And that we might introduce a mentality that views CETA as a failsafe system, a system that serves those that fall out of our mainstream system. They're inadequately served by existing systems. Probably the most durable solutions are going to be those which also reinforce mainstream systems, and provide residual effects in terms of capacity and resources that will exist for the next cycle and the next cohort.

You raised questions with respect to the private sector, and, obviously, we need to strengthen our linkages there. We're conducting studies, for example, now, that deal with patterns of linkage between the private sector, secondary, and postsecondary programs.

You raised the question with respect to how employment and training programs work. I would like to comment that there is an increasing body of evidence that indicates that vocational education has been increasingly successful in delivering career-oriented training to an increasingly diverse group of people. It has expanded its enrollment. It has expanded its State and local support, during a period of diminished Federal support. Some would argue that the Federal involvement has increased with respect to rules and regulations.

Graduates are being placed. Services are being provided for disadvantaged, handicapped, and other special populations.

Vocational education, by virtue of recent studies, enjoys a high priority with members of school boards and school superintendents. Recent studies on satisfaction and attitudes of graduates of vocational programs toward their training has been very high, as well as employers of vocational graduates and students.

In summary, then, I think we have in vocational education a decentralized system, which is near people, is near the jobs, and that over the years has demonstrated its responsiveness to both national priorities and to local needs.

Thank you.

[The prepared statement of Mr. Taylor follows:]

EMPLOYMENT AND TRAINING POLICY

Statement by

Dr. Robert E. Taylor
Executive Director
National Center for Research
in Vocational Education

Before the
Senate Subcommittee on
Employment and Productivity

Chairman
The Honorable Dan Quayle

August 25, 1981

Introduction

Mr. Chairman and Members of the Subcommittee, my name is Robert E. Taylor, and I am Executive Director of the National Center for Research in Vocational Education, at The Ohio State University, in Columbus, Ohio. The mission of the National Center is to increase the ability of diverse agencies, institutions, and organizations to solve educational problems relating to individual career planning, preparation, and progression. We fulfill our mission by: 1) generating knowledge through research, 2) developing educational programs and products, 3) evaluating individual program needs and outcomes, 4) providing information for national planning and policy, 5) installing educational programs and products, 6) operating information systems and services, and 7) conducting leadership development and training programs. The National Center receives funds from multiple sources, which include private business and industry, international labor unions, postsecondary institutions, and the Departments of Education and Labor (CETA and Job Corps).

My comments today will be based not only on what we have learned through our work on Vocational Education, but also on a number of other employment and training programs that are part of this nation's employability system. On behalf of the staff at the National Center and the great number of vocational, training, and employment personnel nationwide with whom we work, I want to thank you for this opportunity to discuss the very critical and timely matter of employment and training policy.

I want to commend this committee for their pursuit of a comprehensive federal employment and training policy as a context for the reauthorization of CETA. The thorough review that this committee is undertaking, is an important first step in the effective articulation of the federal role in various employment and training policies and the development of a coherent and coordinated human resource policy.

As I indicated earlier, the National Center is concerned with employability systems beyond that of Vocational Education. To guide us in this effort, we have formulated what we call the federal macro-policy question, which states: "What agencies best prepare which individuals, for what kinds of occupations, under what conditions, with what effects, at what stage of their lives (with appropriate attention to their general educational development and role as citizens in a democratic society)." It is clear that we need to know a great deal more about each of the employability systems, the clients they serve, the kinds of occupations for which they provide preparation, and the relative success of completers. Additionally, we need to have a better understanding of how these systems interact and the manner in which they aid various individuals at different life stages.

Toward this end I am recommending that, in the reauthorization process, attention be given to expanding the provisions for research, development, evaluation and policy studies that would enable us to better understand not only the individual delivery systems and their relative success, but also their interactions as we move toward a more comprehensive and coherent human resource policy. R&D funds are needed to address the broad questions and the interactions of subsystems. Most R&D dollars are now focused on the categorical dimensions of individual delivery systems.

Unemployment and severe problems of employment and training are not a temporary phenomenon. Differential birthrates, the decentralization of industry, and the migration of skilled workers to new job sites will likely leave our cities with hardcore problems of unemployment and training. Further, isolated rural areas will need assistance. Additionally, there are unique problems associated with displaced workers, new entrants into the labor market, the economically disadvantaged, women, the handicapped and others. The challenge of reindustrialization and national defense also have strong implications for employability and training.

I would like to turn now to some of the questions in the Congressional Record.

Policy Objectives

The key question is, as you say: What are the appropriate objectives of employment and training policy? In my view a federal employment and training policy is, in its broadest sense, a human resource policy. The primary purpose of such a policy is to optimize the development of human resources. Such a policy must recognize the need to contribute to economic development while attending to the reality that you cannot train away unemployment; jobs must be available. Additionally, it strongly emphasizes access and equity to appropriate training and jobs.

Today our economy is facing several problems which call for increased federal support of training. The declining productivity rate is partly the result of shortages of skilled personnel in some occuaptional areas--as evidenced by the thirty or more pages of help wanted ads in the Sunday newspapers of almost every major city in the United States. New production methods and equipment using more advanced technology are needed on a broad scale to enable American manufacturers to compete with foreign products, and this means both retraining workers who are displaced and training others in the use and maintenance of high technology. The entire training and employability system needs constant updating, upgrading, redirection, and expansion. These are national problems, not just state or regional, and they call for efforts on a national scale if they are going to be dealt with effectively.

At the same time we cannot afford to neglect the persistent problem of chronic unemployment. From an economic point of view, unemployed youth and adults represent idle productive capacity. Idle productive capacity is costly in two ways: it contributes to a decline in GNP, and creates an additional drain on public maintenance and support services. From a moral poit of view, the waste of human potential alone defines this as a compelling national problem. In recent years it has also become one of the cruelest forms of human inequality. Unemployment does not occur randomly. You are more likely to be unemployed if you are: young, black, relatively uneducated, or live in an inner city area. In fact, the unemployment rate of teenagers in central cities is currently running at or above 50 percent. The gap between white and nonwhite youth unemployment has nearly doubled in the past decade.

I would like to speak to the elements and the objectives of a comprehensive human resource policy. I define the phrase "human resources," as the available human capital supply of a nation that can be drawn upon when needed. There are basically four elements to a comprehensive human resource policy.

First,[1] human resource development is a set of policies designed to facilitate the fullest development of human capital, the productive capacities of human beings. This includes not only the development of vocational skills, and I use this term in its broadest sense, but also those

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[1] Herbert S. Parnes, A Conceptual Framework for Human Resource Policy: Implications for Vocational Education Research and Development. (Columbus, Ohio: The National Center for Research in Vocational Education) p. 2.

those employability skills which encompass not only occupational skill proficiency, but also job-seeking and job retaining skills.

Second, is the allocation of human resources, or those policies and programs that seek to assure that individuals who have the skills, knowledge and attitudes can work in their appropriate occupations. This category of human resoure allocation would include the state offices of employment services, economic incentives, adequate occupational data, and arrangements to promote desirable kinds of occupational and geographical mobility.

Third, is human resource utilization, which includes policies designed to allow people to attain their most productive capacity. This category embraces the concept of employment, and includes such policies as equal opportunity and child labor laws.

Fourth, is human resource maintenance or conservation, which includes policies and programs designed to protect the worker both in and out of work, such as safety regulations, worker compensation, unemployment insurance, welfare, preventive health care and numerous others.

It is truly mind boggling when we think about the ultimate ramifications of trying to coordinate, in an absolute sense or orchestrate through federal policy, the interactions of these various elements of a comprehensive human resource system. However, a loosely coupled human resource system does exist, and there are federal activities and interventions in all sectors. These need to be systematically examined with respect to their specific purposes and utility as well as how they interact with other elements of a comprehensive human resource system.

Achieving Policy Objectives

Your second question, Mr. Chairman, is, "What are the best methods for carrying out the objectives of employment and training policy? I believe that there are two major roles for the federal government:

1. to provide targeted federal training assistance to state and local communities, and
2. to provide research and development and other capacity building services that will strengthen the training systems.

Targeted Federal Training Assistance

To strengthen the national economy, substantially increased training is needed in occupational areas where there are serious or potential shortages of skilled workers. Tool and die workers, the machine trades and computer related occupations are all experiencing short supplies of labor. Major corporations are concerned about the availability of some kinds of construction workers who would be needed in a reindustrialization program, and expanded defense effort. In some cases they have already gone outside the United States for workers for large scale plant overhaul. There are others, and in every case the lack of skilled workers where they are needed and are not available reduces by that much both the total production and the rate of productivity of the American economy.

Another area for targeted federal training assistance is in high technology. As technology continues to advance, programs for updating and retraining workers on new equipment will be needed. The use of microprocessors, laser beams, robots, and other advanced equipment--which will be vital in strengthening American industry's position in both domestic and world markets-- will create a demand for larger numbers of highly skilled technicians in their operation and maintenance. It is a development that is only beginning, and we cannot even anticipate its ultimate demands for skilled personnel and the training programs required to make them available.

A third element requiring targeted federal training assistance to state and local communities is the training of the hard to employ. Here I refer to such target groups as minorities, educational or economic disadvantagement handicapped, youth and adults. Experiences of the last decade indicate that state and local communities need assistance in providing adequate training, placement and other essential services to assist these individuals in becoming employed as affective workers and good citizens. With respect to the question of should target groups be identified on a national basis and what are the appropriate target groups; I believe those listed in your questions in the Congressional Record are the primary ones. My sense is that there would be an eligible list identified nationally and each state and community could focus its resources on those appropriate groups all or some subportion based on the effectiveness of existing programs and the peculiar needs of that area.

A fourth area for targeted federal training assistance is in retraining displaced workers. When industrial plants close down, their employees cannot easily be reabsorbed into the employment market without retraining. Communities like Youngstown, Ohio and Detroit, Michigan are severly depressed economically with high unemployment rates for years after the decline or closing of a major industry. At the same time, with the advancement of robots and other labor saving equipment in many major industries, the labor saved in these locations also will create unemployment unless provisions are made for the displaced worker to move into other occupations through special training. Mr. Chairman, that was the purpose of the Manpower Development and Training Act of 1962. The CETA legislation which took its place has a broad training objective, but it needs to be more focused to address specific unemployment problems, including displaced workers.

It is sometimes suggested that business and industry, with the help of private training institutions, can train their own workers without government help. They do provide substantial training, but when they do it is an added cost of doing business that makes them less competitive, especially in world markets where American firms are in trouble.

Research and Development and Other Capacity Building Services

We should provide increased resources to fund research, the development and field testing of new methods and procedures. conducting demonstrations, and the experimentation on new program options. Information services and dissemination activities are needed to foster improved practice throughout the various employability systems. Extensive evaluation and policy studies are needed to guide program improvement and redirection and provide better data bases for policymakers and administrators at local, state, and federal levels. Staff development and other activities that enhance the performance of key administrators and instructional personnel in program planning, development, and operations are also essential. These resources should facilitate and encourage study of the full range of issues in the employability and training system and the interactions and coordination of various elements of the system. As I have indicated earlier, our present funding for these critical activities are severely limited and in too many instances focus only on a part of the employability system. There are a number of areas needing attention, in which research can produce concepts and practices that would be generalizeable to multiple training programs.

- Strategies for preventing youth and adult unemployment - Priority should be given to funding for interventions that could take the form of improved career planning, better occupational information, more extensive community involvement and interaction, part-time employment, flexible programming, remedial and compensatory educational services, and improved placement and follow through programs.

- Comprehensive planning - If we are to make progress toward more effective and comprehensive planning across the various delivery systems, and assure access and equity to quality programs that are relevant to the labor market then a great deal of more research, development and evaluative studies are needed. We need to improve our data bases and our shared use of them, but we need to examine their utility and strive to more effectively base progreams decisions on evaluative results.
- Cost-effectiveness - Studies are needed to design more cost effective procedures for the optimal utilization of resources, equipment, facilities and staff. In addition, efforts that reduce costs such as shared data, joint planning, evaluation and shared staff and equipment between agencies need to be studied.
- Technology - Improved cost-effective procedures for the rapid assimilation of new technology into training programs need to be identified. This would include substantial tax credits to industry for contributing equipment and facilities.

- Evaluation - Funds for evaluation efforts to determine the effectiveness of training and education programs need to be made available. Evaluation results must be given greater weight in determining program offerings, continuations, discontinuations and redirections.
- Adult training - A critical need exists for focusing resources on the postsecondary and adult levels to facilitate the systems preparedness for upgrading current workers and retraining programs for the unemployed and displaced workers.
- Credentialing - We need to develop standard procedures for certifying and licensing completed work, that would become transferable and standard across all systems.
- Financing - Are there ways to build economic incentives into federal legislation to stimulate state, and local investments and reward effective programs. What is an equitable distribution between federal, state and local resources? How do we more effectively target federal dollars to assist special populations?
- Comparative Studies - As we deal with the complexities of employment and training policies, it is increasingly apparent that we stand to benefit from a better understanding of how advanced socieities of world are coping with similar problems. Toward this end funding should be made available for more

extensive comparative studies of the federal policies, and programs of other nations in this critical arena.

There are other areas where research is needed. For example, the National Center has been examining the potential and problems of using workplaces as learning environments for youth and adults, the nature and development of skills that are transferable and broadly applicable across a wide range of occupations, the development of basic mathematics and reading skills through job experiences, and the awarding of academic credit for such out-of-school achievements. This year we began research into the dynamics and interactions of the youth labor market and the employability development system. The purpose is to better understand how the content of instruction, the employability development needs of youth, and the needs of the labor market can be better aligned so that disadvantaged youth, in particular, will be attracted to and can benefit from education and training for work. Inevitably, this research will lead to further inquiry and innovations until we know better how to use all of the resources of the American employability system to reduce youth unemployment. In the end, this research will seek ways to increase our capacity as a nation by providing a comprehensive educational opportunity structure more relevant and responsive to efficient and equitable employability development.

Especially needed at this time--and I suggest it to this Subcommittee for your consideration--is an expansion and coordination of the data bases on which our systems depend. The National and State Occupational Information Coordinating Committees (NOICC/SOICC) were authorized under the Education Amendments of 1976 (P.L. 94-482, Sec. 202) and the Comprehensive Employment and Training Act Amendments of 1978 (P.L. 95-524, Sec. 315). These inter-agency committees were established to improve coordination and communication among the numerous agencies that produce and use occupational data in association with the development and utilization of the nation's human resources. NOICC and SOICCs were mandated to develop and implement an occupational information system to meet the common information needs of vocational education programs, and employment and training programs. These legislative charges are a result of long standing problems centering on the lack of good labor market data necessary to make rational planning decisions for training programs and individual career choices. As a consequence of inadequate planning, the nation has been plagued by significant structuralimbalances in the labor market, which, in addition to causing direct unemployment problems, lead to inflationary pressures and lower productivity. The National Occupational Information Coordinating Committee (NOICC) and the state committees,(SOICCs) are performing an important function, but they could do it better with additional resources and broader partricipation.

Coordinating a Comprehensive Employment and Training System

Can the diverse sets of programs which constitute the employment and training system be coordinated? The question of increased coordination and articulation among the broad set of employment and training programs that are available is one the most important issues that we face today. As policy makers, it is important that we have a heightened consciousness and awareness of the various training delivery systems and the unique contribution they make to America's human resource development.

The American Employability System. The American employability system is made up of many alternative delivery modes that provide opportunities for training and employment. Educational institutions that are a part of the American employability system, consist of the more than 28,000 different institutions offering programs in various occupational fields in every community in the United States.[2] More than 20,000 of these are public institutions at the secondary and post-secondary levels. Nearly 8,000 are private institutions, and correspondence schools.

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[2] Institutional and student enrollment statistics are taken from the testimony of Rolf M. Wulfsberg, Assistant Administrator for Research and Analysis, National Center for Education Statistics, before the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor, House of Representatives, September 17, 1980.

Additionally there also exists, outside the educational arena, many opportunities for which we have no conclusive evidence on the number of institutions that implement training programs and on the number of enrollees they train. A substantial amount of this kind of training takes place in business and industry through apprenticeship programs, on the job training, and organized classes. Skill training in the armed services also contributes to the civilian workforce. Finally, there are community based organizations, special institutions, home based learning, colleges and professional graduate schools, and public training programs under the U.S. Department of Labor that all provide their own kinds of preparation for employment.

Overall, this American system has demonstrated its capability of meeting the demands of new and changing technology, shifts in population, and national emergencies. There have been and still are, however, deficiencies which hopefully new legislation can ameliorate.

At the present time, there are pockets of coordination and articulation that are occurring between the many diverse elements of the system--but they are largely a function of local or state staff initiatives and they do not reflect a consistent level of integration. Some coordination is taking place, between vocational education and many apprenticeship programs. There are good examples of CETA and vocational education coordination; a recent study by the U.S. Conference of Mayors indicates that cooperation and coordination between these two major federal efforts is increasing. The National Center has conducted several projects to help coordinate vocational education curricula with those developed by the military. In other ways progress is also being made;for example, many community colleges have developed excellent community-wide programs with business and industry, labor, and other community based organizations to meet the needs of both employers and trainees.

We do have evidence, that articulation and coordination are possible, but it would be a mistake to ignore the problems that still remain. Our experience suggests that coordination and articulation of the total system requires continual research, the development of common data bases, the establishment of clearinghouse services, the dissemination of new ideas and practices, and the continual updating of instructional materials, equipment, and training personnel. Incentives for coordination should be expanded. Other factors contributing to coordination include: similar fiscal years, common definitions, shared advisory committees, similar accountability systems, and facilitative language with respect to joint funding and shared activities. It is also important that there be similar organizational structures with respect to the levels of local and state administration to facilitate articulation.

Since ours is a free system, however, with many different participants, it does require a constant effort to achieve a level of coordination that is both efficient and cost effective. In short Mr. Chairman, I believe that the primary purpose of federal employment and training policy should be theenhancement and development of human resources. We should strive toward articulation and coordination of the various elements of the system. In thinking through various aspects of coordination, it is important that we have an understanding about some options with respect to alternative systems and/or mainstream and failsafe systems. These beliefs should influence our expectations of these programs and also give guidance to coordination, articulation and division of labor.

The Role of American Education to Providing Training for Employment

The American public education system has probably been the most effective mechanism for accomplishing both economic and social progress in the world. It is the most powerful means available for reaching adults as well. Historically thepublic schools have played an essential role in strengthening the social fabric and cohesion of our nation, by providing a common experience to all Americans. Additionally, the schools have provided a range of opportunities for individuals to attain self-fulfillment and become eligible for employment.

One way to view the current youth unemployment situation is successive cohorts of youth moving through the educational system with varying degrees of success and satisfaction. Some individuals are unable to survive or succeed in the system and drop out or are pushed out into a pool of individuals that typically become unemployed youth and/or CETA clients. In essence, there is a flow of individuals out of the mainstream school system into the unemployment pool. Two major strategies for alleviating this problem are to make the mainstream system more effective and thereby reduce the flow of individuals into the pool of unemployed, and the other is to provide appropriate education and attendant services to those in the unemployment pool. Education, interacting effectively with a wide range of public and private groups and agencies, can contribute to both strategies.

Interventions devised to assist individuals in the pool of unemployed youth however should be viewed as supplementary rather than alternative systems. They should be viewed as "fail safe" mechanisms which have as their central obligation providing for the immediate needs of the individual, but also attempting to assure the reassimilation of youth into mainstream systems. One of the obligations of the supplementary systems should be to reinforce mainstream systems and to provide the necessary feedback and evaluative data for systematic improvement efforts in both education and fail safe systems. Over reliance on fail safe or "alternative" systemsmay well create a new tracking and segregating function within society in which the poor, minorities and the less able flow into the pool of unemployed youth. This would further contribute to devisiveness and the erosion of social unity.

We need to reassess the balance between these two strategies--that of diminishing the flow through prevention programs while at the same time providing remediation to those who are in the pool of unemployed youth. Hence, the need exists to simultaneously mount interventions on both the flow and the pool and to adjust the balance of resources between these two strategies. While we will always need a "fail safe" system, ideally, if we can reduce the flow through increased resources and effectiveness, the need for the supplementary systems will be reduced. This also should maximize positive side effects such as cost effectiveness, social unity, and the preservation of individual options and opportunities.

Durable solutions to the problem of youth unemployment will be those which reinforce mainstream systems. In assessing our efforts in reducing youth unemployment, we need to look for residual effects--the institutional capacity that remains upon the completion of a program or intervention cycle. Strengthening mainstream systems should provide residual benefits in the form of increased capacity to meet other institutional goals and to better serve successive cohorts of youth.

The Private Sector

Your sixth question, Mr. Chairman, is one that is too often overlooked when we talk about public training programs. What is the appropriate role of the private sector in the design and implementation of employment and training policy?

Extensive linkage with the private sector is critical to the success of any public training program. There are numerous methods of linking with the private sector that are being implemented in many training delivery systems and even though all of them are important, we still don't know enough about which methods are most successful with which occupations, programs, or students. Vocational education operates national, state, and local advisory councils which consist of business, industry, labor, government and educational representatives, that work closely with the schools to design and implement quality vocational training programs that respond to occupational demand. In cooperative vocational programs, where students receive training in both the school setting and through supervised work experience, the relationship between schools and employers is highly developed. School personnel who assist vocational students in getting placed in a job when they complete their programs, whether teachers, counselors, or placement personnel, also work closely with the private sector. Many vocational teachers are former private industry employees, that maintain contact to keep abreast of technological developments and levels of demand for workers which includes skill shortages in their specific occupational field.

Another way that employers have become extensively involved in vocational and career education is through business and industry/labor/education councils. Business executives and educators in many communities and several states have formed such councils, which meet regularly to develop cooperative approaches to meet their common objectives, and to solve problems that arise in their joint efforts. Some of them have been very effective, especially in getting the support of the private sector in building and equipping training facilities, and in soliciting major contributions of time, by business executives, to the educational program. Many of the outstanding vocational education centers in the United States--both at the secondary and postsecondary levels--would never have been possible without the strong support and participation of business and industry/labor/education councils.

The National Center is currently conducting research to compare patterns of linkage between the private sector, and educational and training organizations, (e.g., CETA Private Industry Council (PIC) programs that are being implemented under Title VII of the CETA legislation; other CETA programs, particularly under Title IIB, that are not operated by PICs; secondary and postsecondary vocational schools, and proprietary schools). The relationship between patterns of linkages and (1) the prior work experience of CETA program staff; (2) the criteria and procedures for selecting and training program participants; (3) the content of the curriculum and the process for revising curriculum; (4) the philosophy and organization of placement functions; and (5) the placement of trainees into unsubsidized jobs will be investigated. The resulting analysis will help us to formulate a framework for recommending how to improve linkages between the private sector and training and education programs, and continued study of this matter.

We are also dependent on the private sector for occupational demand data, and for advice and judgement in the use of these data. Occupational demand data are usually collected by state agencies working with the Department of Labor, but there are many considerations that affect their usefulness and reliability in determining future directions of occupational training.

In addition to occupational demand data, we need information from employers on changes in technology, new training programs, modifications of training practices, follow-up of students who have become employed to measure employer satisfaction, and new ways to strengthen the linkages between schools and employers. Until recently the development of data supplied by employers was largely a matter of local and state concern, with help from the Bureau of Labor Statistics in the Department of Labor. There are too many factors on a national scale, however, that affect the utility of such data, and a national data base to serve the entire occupational training enterprise has become essential.

To expand our knowledge of employer attitudes and understanding of vocational education the National Center, in collaboration with the National Association of Manufacturers, is initiating a national study on manufacturers' attitudes toward vocational students and programs. This study of employer perceptions will focus on their general attitude toward vocational education, the level of current collaboration with vocational programs and their judgment as to the program's effectiveness.

The National Center is establishing an Executive In-Residence Program for the purpose of giving corporate leaders nationwide an opportunity to learn more about the occupational training systems. Private industry and smaller private companies are volunteering to send their executives to the National Center for several weeks or months, where they will work with our staff in becoming acquainted with various parts of the enterprise. National Center staff will benefit from receiving valuable insights from these business executives, which we will incorporate into our research and pass on to the field. We have already met with groups of business and industry leaders in five major cities, throughout the United States, to explore this idea and get their advice as to how to procede.

This whole effort to develop closer relationships between the training institutions, public and private, and employers on a national scale has been somewhat neglected in the past, and consequently we are giving it top priority. In later hearings we hope to have new insights to share.

Effects of Vocational Education

In your final question you ask, Have employment and training programs worked? The National Center has addressed this question with regard to vocational education, and it has been only recently that data have become available to give us some confidence in our conclusions. In the next several months, and especially in the next two or three years, we will know much more than we do now about the effects of vocational education.

During the past year the National Center completed a careful and very extensive analysis of the results of approximately 1,500 state and local studies on the effects of vocational education. After eliminating those studies that did not exhibit sufficient rigor in their methodology, we felt resasonably confident in drawing the following preliminary judgements from 232 studies:[3]

- A majority (over 50 percent, usually closer to 70 percent) of secondary and psotsecondary graduates obtained jobs in training related areas. (The acutal employment rates are higher since some are employed in nonrelated areas.)
- Minimal difference in unemployment rates were found for vocational and nonvocational high school graduates. However, the most recent National Longitudinal Survey (NLS) shows lower unemployment rates for black male and female vocational graduates. Postsecondary vocational graduates generally had lower unemployment rates than did their nonvocational peers.
- Mixed results were reported for earnings. Some studies reported no differences between vocational and nonvocational graduates; others reported an initial earnings advantage for vocational graduates that disappeared over time. Trade and industry graduates at

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[3] Mertens, D.M.; McElwain, D.; Garcia, G.; and Whitmore, W. The Effects of Participating in Vocational Education: Summary of Studies Reported Since 1968. Columbus, Ohio: The National Center for Research in Vocational Education, 1980.

the secondary level and technical graduates at the postsecondary level consistently had higher earnings than graduates of other vocational programs.

- About one-third of vocational graduates continued their education beyond the secondary level, while almost twice as many nonvocational graduates did so.
- At both the secondary and postsecondary levels, a large majority of graduates reported being satisfied with their jobs, and a large majority of employers were satisfied with vocational graduates.
- At both the secondary and postsecondary levels, a large majority of the graduates were satisfied with their training.

In addition to the studies of the effects of vocational education on students, a proxy measure on the effects of vocational education can be found in the attitudes of school board members, superintendents, employers, and the general public. In the Twelfth Annual Gallup Poll of the Public's Attitude Toward the Public School[4], 59 percent of the adult civilian population (aged eighteen and over) chose vocational training (training for jobs) out of thirteen options as their second highest priority for the new U.S. Department of Education, exceeded only by basic education (reading, writing, and arithmetic). In a separate question, when asked if the public schools should add personnel to help students and recent graduates get jobs, 64 percent of those responding said yes.

In 1979, we completed three surveys at the National Center of opinions and attitudes toward vocational education: (1) a national public opinion survey in January of that year; (2) another national public opinion survey in July; and (3) a survey of National School Board Association (NSBA) members attending the April, 1979 NSBA Convention.[5] In the two public opinion surveys, a national representative sample generalizable to the American adult population (age eighteen and over) was interviewed by the Opinion Research Corporation, Princeton, New Jersey, for the National Center. Information was collected on education history and family income, thus allowing analysis of the relationships between those participating in vocational education and family income.

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[4] Gallup, George H. "Twelfth Annual Gallup Poll of the Public's Attitude Toward the Public School." Phi Delta Kappan (September 1980); p. 33-48.

- 86 percent of the public and 93 percent of the NSBA school board members and superintendents said it was important for students to learn occupational skills in school.
- Approximately three-quarters of the public (77 percent), and 43 percent of the NSBA members were in favor of more emphasis by the schools on career preparation through vocational programs.
- Approximately one-third (35) percent) of the public (adult) respondents said they would like to take vocational courses at the present time if they were available.
- In the public surveys a substantial majority (85 percent) of those reporting having received vocational training said the training was very useful or somewhat useful later in their lives.

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[5] Lewis, Morgan V.; McElwain, Douglas G.; and Fornash, Patricia G. Attitudes Toward Vocational Education and the Relationship Between Family Income and Participation in Vocational Courses. Columbus, Ohio: The National Center for Research in Vocational Education, 1980.

These data were reinforced by a third survey that year, conducted by NSBA and sponsored by the Longview Foundation,[6] which asked the NSBA membership this question: "Imagine that your district's budget was suddenly increased by 10 percent fo the specific purpose of expanding your curriculum offering. In your judgement, which three of the following areas are most likely candidates for expansion?" The top three out of fifteen options selected by school board members were vocational education (48 percent), language arts (40 percent), and mathematics (31 percent). School superintendents selected vocational education (50 percent), language arts (37 percent), and economic education (35 percent).

To summarize, we have a situation where participants (former students, school superintendents, school board members, and the general public), are predominantly satisfied and supportive of vocational education. The demand for vocational education by students has increased significantly over the last two decades, and is showing strong evidence of continual growth. All of these indicators point to a fairly strong affirmative answer to the question, "Does vocational education work?"

Studies Underway at the National Center

There are several major efforts underway at the National Center that should further illuminate the question of effects, and the results of these will become available throughout the next several years.

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[6] Mecklenburger, James A. What Priority for Global Education. Washington, D.C.: National School Boards Association, January 1980.

National Youth Cohort Study of Labor Market Effects. Many of the current policy decisions regarding vocational education are based on four national longitudinal studies and in each study data were colleted by asking students to classify themselves as vocational students or non-vocational students. Reliability studies which determine the rate of consistency of these classifications for the Class of '72 have indicated an error rate of approximately 30 percent in self-designation by the students. Low rates of reliability greatly reduce the levels of accuracy in any data base. In an effort to develop a more reliable and valid data base on the effects of vocational education, the National Center is working with the Center for Human Resources, also at The Ohio State University, to supplement the National Longitudinal Survey (NLS) data which they have collected under the direction of the Department of Labor. The National Center has added data collected from the original high school transcripts of 12,700 young adults who were between the ages of 14 and 21 when first interviewed. Through this effort, we will be able to verify which students, in the cohort of 12,700, actually participated in vocational education, during what years of their schooling, and for how long. These data will yield the most reliable information available on the effects of vocational education.

National Survey of Younger Adult Workers. In addition to the effects of vocational education on individuals up to age 21, information is also needed on younger adult workers (age 20 to 34). The National Center is conducting a study on the longer term effects of secondary and postsecondary vocational education by using a nationally representative sample of this age group. This will enable us to extend our knowledge on the longer term effects of vocational education and other educational experiences.

Mr. Chairman, this concludes my testimony, but I hope I have shown the Subcommittee that we have extensive professional resources at the National Center which are capable of providing additional assistance. I will be glad to return at any time to pursue in greater detail with you the issues I have discussed and the suggestions I have made. The effort in which you are engaged is critical to the nation's economy, and to finding solutions to social as well as economic problems which cannot be ignored. Thank you.

Senator QUAYLE. Thank you very much, Mr. Taylor.
Next, Mr. Hart.

STATEMENT OF LONNIE HART, CHAIR, ILLINOIS OCCUPATIONAL INFORMATION COORDINATING COMMITTEE, AND MANAGER OF SPECIAL PROGRAMS, BOARD OF EDUCATION, STATE OF ILLINOIS

Mr. HART. Thank you.

In the form of a preface, joining with the neighbors to the West, we bid you good morning, and we join with our colleagues from Ohio in commending you for conducting these hearings and your energy to provide a forum for us to offer comments on this issue. These hearings reaffirm our faith in the democratic process, and the fact that we're going to have an employment and training policy which is truly representative of the needs of the people at the local level, which is that target population we have failed to look at as consistently as we might is a major step forward.

As to my testimony, which I will present to you in a moment, we come this morning not to condemn anyone or any part of this system, and we come not to ask for any more money in terms of Federal dollars to support an activity, and we're really not asking for a change, a major change, in legislation for the program that we're discussing whereas it already exists in the legislation at the present time.

But what we are saying and what we would like to call your attention to is the fact that there is within the bowels of Federal and State government a program that does work and is paying some significant rewards, both for the Federal, State, and most appropriate, the local folks, and the program that I'm discussing is the NOICC, the National Occupational Information Coordinating Committee, and that relationship with its 56 State counterparts, the State Occupational Information Coordinating Committees. So, allow me to comment on that relationship.

My name is Lonnie Hart, and I am manager of special programs for the Illinois State Board of Education, and I am chairman of the Illinois Occupational Information Coordinating Committee.

I thank you for the opportunity to address the subcommittee concerning the employment and training system in Illinois and the United States. My comments will focus on the Illinois Occupational Information Coordinating Committee, why such a committee is critical to the State's employment and training system, and how the IOICC championed the development of an occupational information system that is responsive to the diverse information needs of the agencies and individuals involved in employment and training in Illinois.

As chairman of the IOICC, I represent the four statutory members of the committee which include the Illinois State Board of Education, the Bureau of Employment Security, the Department of Rehabilitation Services, the Employment Training Council, which on this committee is represented by the Governor's Department of Commerce and Community Affairs.

The committee suggests that times in this country are changing, and, as such, our respective functions must be continually reexamined. As participants in the field of occupational information, such examination leads us to expect that there will be an increased demand for quality occupational information at the State and local level. Continuous change in the structure of employment needs of private employers will require timely identification and certain accuracy, so that the employment and training community can arise to this Nation's demand for job-ready citizens.

To rise to this occasion will require a strong system of education and training programs. Appropriate education and training programs are predicated upon a reliable and a consistent occupational information system that will respond to the information needs of policymakers and individuals making crucial career decisions. Each State must organize this task. Such a cooperative must interface with its Federal Government counterparts. The State SOICC's and the Federal NOICC can and do meet this need.

An occupational information system is absolutely necessary to support economic development and industrial revitalization efforts. One of the key concerns of employers considering expansion or location in any geographic area is the availability of an adequate and adaptive labor supply.

In Illinois, a functional OIS has helped meet this concern in two ways. First, by providing to the employer detailed information on available labor supply for specific occupations, and, second, by providing the information base that is necessary to support planning and policies at the State and local levels that can make the education and training providers more responsive to these employment needs.

The OIS enables us to invest our increasingly limited resources for human capital development in the most advantageous occupational areas. In the absence of a viable Federal-State approach to occupational development, the information base which we need to avoid training people for dead-end occupations will soon deteriorate. Along with this deterioration is our leverage to improve economic development.

In order to identify and adequately respond to user needs a comprehensive occupational information system must exist in each State and have as its major focus the need for information which is accurate about and usable by employment and training providers at the local level.

Equally important, our research demonstrates that information wanted by the various local users is desired in detail, not in summary categories. To accommodate this need requires a collective trust of Federal, State, and local data producers dedicated to producing time-specific and geographically accurate data.

The IOICC commissioned a need assessment study in 1979 which validated the diversity of user needs and clearly indicates a need for Federal-State cooperation in the development of an occupational information system that can meet a variety of State and local data needs.

The major problem that must be dealt with, and an excellent singular reason to maintain the present NOICC–SOICC network is a need for an OIS which assumes comparability of information collected by various Federal and State agencies.

Comparable information allows States to share information and packaged data that considers labor markets rather than State boundaries.

The IOICC, by virtue of its formalized existence, has provided a form for data users to voice their needs and provide the mechanism to respond to these needs. Users have told us that they need data incrementalized in a more usable fashion; therefore, a commendment to the IOICC has been made to develop information at the sub-State level, including occupational and industrial projections. Special tabulations have been prepared at the county level with data gathered from agencies that heretofore could not have provided such occupational and labor market information.

In order to provide greater occupational detail, the IOICC is working on a program to provide users with sub-State information based on the approximate 1,700 occupations in the Employment Statistic Survey. Should a SOICC type organization fail to exist in Illinois, or for any other State, for that matter, such efforts as described would not exist or, at best, would exist only at and for the pleasure of special interest groups. The date would no doubt be compromised through selective manipulation, and the end result would be the general inability of mainstream education, mainstream employment and training organizations to adequately serve clients, or worse yet, the serving of clients with nonsubstantial data resources.

In the final analysis, only the client is hurt by this fragmentation.

These comments indicate that the development of comparable and reliable career and labor market information requires coordination at the Federal and State level. A significant amount of technical effort is required to utilize the existing information systems in a manner that will meet the needs of local and State planners, school and CETA counselors, public and private administrators, students, and clients.

These types of activities require continuing support for an extant occupational information system in order to identify modifications that will improve the quality and quantity of information required for local decisionmaking.

The States have, through the NOICC-SOICC mechanisms established viable means to identify local needs, and are in the best position to respond to these needs. Their response is collaborative, collective, valid and tailored to the local client population. State agencies working together, not apart, and aside from one another, as has happened prior to a NOICC-SOICC program.

In summary, how can we best meet these needs for occupational information? We think by continuing and strengthening the NOICC-SOICC relationship. It would seem a devastating waste of taxpayer money to begin a NOICC-SOICC system, which is succeeding in its mission, only to forsake the process in forthcoming new legislation.

On behalf of the Illinois Occupational Information Coordinating Committee, I thank you for this special opportunity to give a thumbnail sketch of our collective trust, a working SOICC.

Our best wishes to the committee for a productive deliberation, and we would offer you and your colleagues an opportunity to call on us at any time for additional information.

Thank you.

[The prepared statement of Mr. Hart follows:]

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STATEMENT OF LONNIE HART, IOICC CHAIRMAN
ILLINOIS OCCUPATIONAL INFORMATION
COORDINATING COMMITTEE
COMPLETE TEXT PRESENTED TO THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATE SENATE

August 25, 1981

Mr. Chairman and Members of the Subcommittee:

My name is Lonnie Hart. I am Manager of Special Programs for the Illinois State Board of Education and Chairman of the Illinois Occupational Information Coordinating Committee (IOICC). I thank you for the opportunity to address this Subcommittee concerning the employment and training system in Illinois and the United States. My comments will focus on: 1) the Illinois Occupational Information Coordinating Committee (IOICC); 2) why such a Committee is critical to a state's employment and training system; and 3) how the IOICC has fostered the development of an occupational information system (OIS) that is responsive to the diverse information needs of the agencies and individuals involved in employment and training programs in Illinois.

I am presenting these comments as I represent the IOICC and the four statutory members of the Committee which include: 1) the Illinois State Board of Education; 2) the Illinois Bureau of Employment Security; 3) the Illinois Department of Rehabilitation Services; and 4) the Illinois Employment and Training Council represented on the Committee by the Illinois Department of Commerce and Community Affairs. In addition to these four members, the IOICC encouraged the participation of other agencies that have an interest in employment and training. In Illinois, these agencies are: 1) the Illinois State Scholarship Commission; 2) the Illinois Bureau of the Budget; 3) the Illinois Community College Board; 4) the State Advisory Council for Vocational Education; and 5) the Illinois Board of Higher Education.

The Committee suggests that times in this country are changing and, as such, our respective functions must be continually re-examined. As participants in the field of occupational information, such examination leads us to expect that there will be an increased demand for such information at the state and local level as decision-making for employment and training programs is decentralized. Also, continuous change in the structure of employment needs of private employers will require timely identification and certain accuracy so that the employment and training community can rise to this nation's demand for job-ready citizens. To rise to this occasion will require appropriate education and training programs. Appropriate education and training programs are predicated upon a reliable and consistent occupational information system that will respond to the information needs of policy-makers and individuals making crucial career decisions. Each state must organize a cooperative of occupational information producers to accomplish this task. Such a cooperative must interface with its Federal government counterparts. The state SOICCs and the Federal NOICC can and do meet this need.

An occupational information system is absolutely necessary to support economic development and industrial revitalization efforts. One of the key concerns of employers considering expansion or location in any geographic area is the availability of an adequate and adaptive labor supply. In Illinois, a functional OIS has helped meet this concern in two ways: 1) by providing to the employer detailed information on available labor supply for specific occupations; and 2) by providing the information base that is necessary to support planning and policies at the state and local levels that can make the education and training providers more responsive to employment needs. The OIS enables us to invest our increasingly limited resources for human capital development in the most advantageous occupational areas. In the absence of a viable Federal/state approach to OIS development, the information base which we need to avoid training people in dead-end occupations will soon deteriorate; also part of this deterioration is our leverage to improve economic development.

In order to identify and adequately respond to user needs, a comprehensive occupational information system must exist in each state and have as its major focus the need for information which is accurate about and usable by employment and training providers at the local level. This is especially important if we intend to shift major responsibility for the delivery of employment and training programs to the local level. Equally important is that our research demonstrates that information wanted by the various local users is desired in detail not summary categories. To accommodate this need requires a collective trust of Federal, state, and local data producers dedicated to producing time specific and geographically accurate data, including labor supply and demand, demographic characteristics, employment and unemployment rates.

The IOICC commissioned a needs study in 1979 which validated the diversity of user needs and clearly indicates a need for Federal-State cooperation in the development of an Occupational Information System that can meet a variety of State and local needs. A major problem that must be dealt with and an excellent singular reason to maintain the NOICC/SOICC network is the need for an OIS which assumes comparability of information collected by various federal and state agencies. Comparable information allows states to share information and package data that considers labor markets rather than state boundaries.

The diversity of needs identified in our study clearly indicates a need for Federal-State cooperation in the development of an information system that can meet a variety of needs. A major problem that must be dealt with at the Federal level is the comparability of information that is collected by various Federal and state agencies. For example, labor market areas frequently cross state boundaries. Illinois and Missouri are working together to develop supply and demand information for the St. Louis Metropolitan Statistical Area which includes counties on both sides of the Mississippi River. In order to accomplish this task the information on occupational demand and occupational supply must be collected using the same classification systems and the same level of detail by both sides in order to integrate the data into a report that covers this specific labor market area. This type of activity is taking place in other states in order to address various regional issues related to the impact of various national defense and energy policies on the economies of the states. The standards for the definition of the various classification systems to aid such inter-state data collection efforts must be established at the Federal level. If this is not done then it is likely that each state will develop information systems that will not be comparable with its neighbors.

Comparability is also needed so that data from the various states can be aggregated to national totals for the analysis of various Federal policy issues. For example, the Bureau of Labor Statistics conducted a study to review the impact of various national defense and energy policies on the employment and training needs for scientists and engineers. These kinds of studies can only be conducted when employment and training data from the states can be summarized into national totals using consistent definitions and levels of detail. Similiar kinds of information would be required to study the impact of national policies on the need for vocationally trained workers to meet the needs in various defense related industries that are expected to expand.

Another place where Federal-state cooperation is required is related to the tabulation of data by Federal agencies that is distributed to states. The Bureau of the Census collects a large amount of information that is of direct importance to local, state, and national employment and training programs. Since the number of potential tabulations that could be produced from the basic records is infinite, it is necessary to identify specific needs that can be used by all states. Each individual state can not afford the amount of money required to program and tabulate information from the basic census records. The NOICC, in cooperation with the SOICCs has identified specific information needs related to employment and training that can be tabulated by the Bureau of the Census using standard formats for specific geographic areas in all states.

The significance of this coordinated effort across agencies and Federal-state levels is that it maximizes the needs of several different user groups and minimizes the cost of information development. This type of mechanism is required if information for different users is to be developed in the amounts and types necessary; in a cost efficient manner; and with a reliable and valid foundation upon which we can plan and predict the needs of our economy. The study revealed a variety of issues that the Committee has attempted to resolve. A major issue was the need for information that was available at a local level. This is in part a reflection of a shift toward the local delivery of employment and training programs. However, existing statistical programs have tended to be developed to meet Federal concerns or state concerns rather than local concerns. The exact specificity of the geographic area mentioned at the local level varied from census tracts, to school districts, to cities, and to SMSA's. The diversity of requests for geographic tabulations has exceeded the fiscal and technical capability of the various information production agencies.

The IOICC needs study also determined that information wanted by the various users was desired in detail not summary categories. Our State's data users wanted more detailed breakouts of the population by age, sex, ethnic and disability status. In addition, they needed detailed occupational information about the employed and unemployed population for a specific geographic area. It should be pointed out that the respondents were asked to identify their needs without regard to the capability of agencies to produce the desired information.

One conclusion of the study was that there exist major differences among agencies and among job assignments such as planners, administrators, counselors, etc. in terms of unsatisfied need for detailed occupational information.

A third study finding uncovered a lack of awareness concerning the availability of information that was produced. In addition, there were compliants that the information did not meet users' specific needs. This was related to an inability to use and interpret existing information in a manner that would meet a majority of user needs. Problems in this area were related to different classification systems, different geographic reporting requirements for various agencies, and different time periods when information was made available. The reasons for these problems are diverse and are partially related to the development of Federal employment and training programs for specific agencies that were not coordinated with an information program designed to meet the planning and implementation of such programs. Each local, state and Federal agency tended to create management information systems using a variety of classifications and definitions that were independent of other agencies at the Federal and state level. This resulted in an uncoordinated effort to meet specific agency and participant information needs.

An example of the diversity of programs related to the collection of occupational information was the National Occupational Information Coordinating Committee study NOICC-Related Activities: A Review of Federal Programs. This publication contains 283 pages of activities at the Federal level related to the collection of occupational information. Pages156-279 describe activities of Federal agencies that are not included in the specific NOICC agreement. It is not surprising to find out that these agencies use a variety of different classification procedures, data collection methods and procedures for the dissemination of information. This diversity of activities has limited efforts to integrate occupational information into an intelligent framework.

The IOICC, by virtue of its formalized existence, has provided a forum for data users to voice their needs and provides a mechanism to respond to these needs. Users have told us that they need data "incrementalized" in a more usable fashion. Therefore, a commitment of the IOICC has been made to develop information at the sub-state level, including occupational and industrial projections. Special tabulations have been prepared at the county level with data gathered from agencies that heretofore could not provide such occupational and labor market information.

In order to provide greater occupational detail, the IOICC is working on a program to provide users with sub-state information based on the approximately 1,700 occupations in the Occupational Employment Statistics Survey. This program is federally supported in the State of Indiana. Illinois believes that this support should be extended to all states. These programs require a cooperative effort by various agencies and the employers who respond in order to obtain accurate information. However, it is believed that a coordinated approach to data collection from the private sector will minimize the duplication of data collection efforts that frequently exist. It should not be necessary for several different agencies to ask the same employer about employment and training needs on a variety of different questionnaires using different classifications and definitions.

Should a SOICC-type of organization fail to exist in Illinois, such efforts as described would not exist or, at best, would exist only, at and for the pleasure of, special interest groups. The data would no doubt be compromised through selective manipulation and the end result would be a general inability for mainstream education and training organizations to adequately serve clients - or worse yet the serving of clients with non-substantial data resources. In the final analysis, only the client is hurt by this fragmentation.

These comments indicate that the development of comparable reliable career and labor market information requires coordination at the Federal and state level. A significant amount of technical effort is required to utilize the existing information systems in a manner that will meet the needs of local and state planners, school and CETA counselors, public and private administrators, students and clients.

These types of activities require continuing support from an extant occupational information system in order to identify modifications that will improve the quality and quantity of information required for local decision-making. The states have, through the NOICC/SOICC mechanisms, established viable means to identify local needs and are in the best position to respond to these needs. Their response is collaborative, collective, valid and tailored to the local client population. State agencies are working together - not apart and aside from one another as has happened prior to the NOICC/SOICC program.

In summary, it is expected that there will be an increased demand for occupational information at the state and local level in the next few years as decision-making is decentralized. There will be changes in the structure of employment needs of private employers that will need to be identified in a timely and accurate manner so that the employment and training community can respond with appropriate programs. An occupational information system must be developed that will respond to the information needs of policy-makers and individuals making crucial career decisions. How can we best meet these needs for information? We think by continuing and strengthening the NOICC/SOICC relationship. It would seem a devasting waste of taxpayer money to begin the SOICC/NOICC System, which is succeeding in its mission, only to forsake the process in the forthcoming new legislative initiative.

On behalf of the Illinois Bureau of Employment Security, the Illinois State Board of Education, the Illinois Employment and Training Council and the Illinois Department of Rehabilitation Services, I thank you for this special opportunity to give a thumb nail sketch of our collective trust - The Illinois Occupational Information Coordinating Committee - a working SOICC. Our best wishes to the Committee for productive deliberations.

Senator **Quayle**. Thank you very much, Mr. Hart.

Let me start by asking you a question. How many requests do you get from business and industry, and how is the dissemination of information given to them; how is it utilized, and how do you respond to any of the questions that sometimes duplicates some of the services that they already have? We have heard that in the past, and I wonder if you might address yourself to that question.

Mr. **Hart**. At this point in time, most of the information requests that we receive come through the State agencies, through some kind of a program context.

Education, for example, we have employment—we have economic development revitalization kinds of programs where we're receiving business-industry contact on a daily basis, CETA through the Governor's economic development function, or through our own, where they're, you know, considering either relocation, expansion, or some kind of renewed interest in business entering the State of Illinois. We, then, are overlaying those kinds of—this kind of information in our deliberations with these people.

Local schools receive the information packaged in a little different format, packaged in a more usable format, so that, then, in work with their advisory councils, through local advisory councils, through work with PIC's, through work with interfaces between the employment training community and the ongoing educational systems, specifically, vocational education, we use this data to build stronger programs; build programs, that, in fact, meet the needs that the employers indicate that they have, and, in fact, the mainstream educational program can provide.

So, it's an attempt at assisting folks to better use the—the data that is there, and regardless of whether or not we have block grants, or whether or not we have categorical funding, and whether or not we have a CETA program, or a vocational program, someone at the Federal level, and some organization at a State level, needs to have a fixed responsibility to collect and to package data in a way that we can use it.

. And that's basically the format and the structure of the committee, and that's the manner in which we are funneling data both ways, up and down, from both the consumer and the data producer.

Senator **Quayle**. Let me ask the panel a general question on the idea of moving toward some type of consolidation with training programs, or education programs, and employment services. It's an idea that has been discussed, and it's an idea which is obviously compatible with the direction, I think, that this administration wants to go in decentralization, block grants, any kind of putting together programs to eliminate and eradicate duplication and excessive Federal intervention.

I wonder if you would like to comment, from your perspective, an education perspective, on combining and moving toward a combination of some of the education and training programs of this country.

Who would like to start first? Go ahead, Mr. Kosbab.

Mr. **Kosbab**. I think there is a need to combine some of these efforts of training and services. We have been working with many of the other public agencies, the Department of Welfare, CETA, Mental Health, Mental Retardation, we all have a goal of making people self-sufficient, so that they can be taxpayers and supporting citizens.

There is a need to combine some of the efforts; however, I would caution you in terms of how those efforts are combined. And that is why we suggest that you look at the vocational education delivery system, which has facilities and equipment, and training, and curriculum, in place, along with a cadre of skilled craftsmen who have been trained to be teachers.

Most of the programs at the agencies that I mentioned offer in terms of training to make people self-sufficient, will come to the vocational facilities and buy these services either on an individual basis or on a group or class basis. I think that type of linkage is critical.

I don't think the Nation can afford a dual educational system, and I believe that the division of vocational education in practically every State can provide a delivery service to serve the needs of the hard-core unemployed, as well as the need to business and industry to keep people employed and maintain industrialization.

I would ask that you would give consideration to possibly a new thrust in terms of some of the things that are coming out of Washington, and the possibility of elimination of the Department of Education.

It's quite possible that vocational education and all training, if we are to look at a reindustrialization and productivity, should be considered to be in the Department of Commerce, to see if this can provide the linkage with industry and business, and to create the climate, and to get us back to number one in terms of the gross national product and standard of living.

Senator **Quayle**. Thank you.

Charles Fields with Beverly Hankenhoff.

Senator **Quayle**. Yes, sure.

Mr. **Fields**. It would appear that this question is immediately acceptable on several basis.

First, I think, it could reduce administrative costs. I think it could reduce areas of unproductive duplication. However, it appears that the crying need is for a solid, well-studied, consistent, national policy on education, training, and employment.

It would appear, if we confuse the development of this strong policy, that is needed, with what appears to be cost reduction consolidation efforts, we may end up with a situation much less desirable in terms of delivery of services to people than we currently have.

Senator **Quayle**. But as we formulate this national policy of education, training, and employment, don't you feel that there is some overlapping and that there is a great deal of potential for consolidation.

Mr. **Fields**. I think there is.

Senator **Quayle**. You think there is, okay.

Yes, sir.

Mr. **Taylor**. I would like to comment, if I may.

I guess my comment would be one of caution. I think it is tempting to combine. The key question is where would you quit. Would you include apprenticeship? Would you include programs that are obviously vocational in the military? Should it include State employment and security offices? What would be the parameters of this new policy?

It seems to me that the matter of coordination is very important. I concur with my colleague that we cannot afford a dual system. My conceptulization of CETA is that it's a failsafe system, that it ought to provide remedial help and assistance to those that have not made it through the regular mainstream system, and that we are probably going to need some kind of a continued presence in that area.

The other questions that would impinge on that, it seems to me, is what would be the role of employment and training with respect to public service employment? What would be the articulation between employment and training and income maintenance? It would be interesting to speculate what would happen if our county agents had been responsible for foodstamps.

It seems to me that we do need to think in terms of what are the core elements of employment and training, and then what are other areas that might be assigned to other jurisdiction.

I do think that implicit in the macroquestion, in my testimony, is a working assumption that says there is a division of labor, that some of these training systems, such as apprenticeship or the military, or vocational education, or CETA, may well better serve certain people, certain occupations, at various stages of their life.

One of the characteristics of America has been some measure of diversity. We support public higher education, as well as private higher education.

The attractiveness of a superbureaucracy that puts it all together and eliminates duplication is attractive. By the same token, you may well give up some specialization, some division of labor, and some responsiveness.

I would opt for improved coordination.

Senator **Quayle**. Mr. Taylor, let me ask just this general question.

You talk about the division of labor, which I don't think anybody will argue about. You refer to the macro-outlook of what the Federal policy and the role of Government is certainly going to be. But as we look to ascertain whether we need specialized training, the military, apprenticeship, whatever other aspects, wouldn't that best be achieved by a more flexible system than what we have right now, in that the inflexibility which emanates a lot of times from rules and regulations from Washington is one of the reasons that we have the problem of delivery.

And as we try to get in to fit the special characterizations of local problems, whether it's Gary, Ind., or Huntington, Ind., certainly, their problems are not that compatible; maybe generally speaking, unemployment, but they're different. And with some of the rigidity that we have had testimony on seems to go to the core of the problem that you are describing. I'm just wondering if you might not agree with that.

Mr. **Taylor**. I certainly wouldn't argue against flexibility. I wouldn't argue against responsiveness.

I'm not sure, however, that a single jurisdiction, a superbureaucracy that combines all of those, would be as responsive as one, perhaps, that loosens up some of the regulations of some of the present systems, looks at some of the rules and regulations, such as I suggested in my testimony that would facilitate coordination and articulation.

Some of them definitely could be combined. And in truth, a large measure of CETA training has been conducted by vocational education, a substantial portion of it contracted back.

Senator **Quayle**. Mr. Hart, do you want to comment on this?

Mr. **Hart**. A couple of brief comments.

I concur that a major problem at this point in addressing the issue is a lack of a comprehensive employment policy, one that pulls all of the various actors under one bonnet and talks to them, and says, in hard language, not in soft language, these are the kinds of issues, these are the kinds of client populations, and this is what we need to do to preserve the economic health of our country.

We haven't done that. We have two systems. We have one system that brokers training. We have one system that provides training. The public educational system has been here, will remain. It provides training. It has an extensive mechanism to train the people who—the professionals who belong to that system and participate in it, and will continue to do so as the public educational process is the one that this country is founded on. It's not going to go away.

We need to capitalize on that. At the same time, there are certain clients in that process—the public schools—that opt out of the system for whatever reason, and they're going to continue to opt out. There's a point and a place where someone in cooperation with that ongoing system needs to provide, pick up the gap there, and to provide some ongoing kinds of services.

What that is and what it should be, I'm not at this point going to comment on, except to say the CETA system, and the previous system, the Manpower system and those that preceded have played an important process in that delivery. And at times, to criticize our own ranks—public educational system—not unjustly, is to say we've not been able to pick up the dropout—the disadvantaged student, not because we haven't wanted to, but for one reason or another have not been able to pick up that process.

I think that now we understand that we all must participate in one form or another to assure those who are in the system are trained in a manner in which they are productive, both in terms of society and in terms of long-term employment, and in terms for those who drop out for the same kind of mechanism.

What combination of effort is the question? Again, it comes back to some of the things that Bob was talking about, who are they, what are they, what is the timing, when and how should we serve these clients?

And I think we come down to a getting away from a turf kind of question, and taking a look at the resources. We all use the community as a lab, and will continue to do so more extensively because that's what's real as opposed to sometimes what we have had in the past, which is not so real. And we just need to tend—we need to look at a comprehensive employment training policy that will melt that system together in a way that we can function and interface cooperatively and move on down the line in the most cost-efficient way.

To combine it, well, certainly, or some combination would certainly appear to save some dollars in program administration, because we are administering two separate systems. That's dollars any way you cut it.

Senator QUAYLE. As we look at a comprehensive employment and training program, some of the testimony and comments, a common criticism or common acknowledgement of a problem that faces CETA clients, and, particularly, some of our youth, the young clients, is that the deficiency in basic education, as we look at the turf problem, and as we look at assigning of responsibility, who's responsibility is that, on the just the basic education?

You hear the business people talk about the work attitude, or they talk about reading and writing. Where does that assignment of responsibility rest, and what role should we be looking at from a national level?

Mr. Taylor?

Mr. Taylor. I would like to suggest that it's everyone's responsibility. I think vocational education, other types of training programs ought to reinforce and extend basic skills, that we have a fundamental problem of prevention down in the early grades and in the public school system. And one of the problems is the difficulty in getting the resources.

When you look at the balance of resources that have gone into remediation after they've fallen out of the system and dropped out, versus those that might have been programed through the system to give them the basic skills that could have made them successful, so they could have stayed in the system and moved ahead through the regular program is something that needs to be addressed.

And, clearly, I think we need to look at what we're doing with title I, title II, whether or not those resources need to be balanced. And we need to try to strengthen basic skill development in the public schools, as well as reinforcement in employment and training programs.

Mr. KOSBAB. Senator, I agree with Dr. Taylor in terms of his comments that we all have responsibility for this. One of the things that has to be done, and he mentioned it in his testimony, the need for staff development through professional development among all elements of our educational and delivery systems.

And one of the things that has happened that we have forgotten is the various learning styles that students come to us with, and that we need to emphasize the various learning styles that people have, as well as the content.

In recent studies that we have made in Ohio in terms of basic skills of vocational and nonvocational students using standardized tests, we're falling at the median and just slightly above the median in terms of these national tests and in terms of vocational students in combination with the nonvocational students.

We may have become a society of averages; that we're all happy with that median and satisfied with being average or close to it.

There is a renewed surge within the public education system of elementary and secondary, as well as the secondary educational programs offered through vocational education, that a concerted effort be made that there be an increase in the reading and writing skills of these students, so that there can be greater mobility and career advancements, because those are the skills of improvement.

We also caution you that the idea of vocational education at the 11th and 12th grade, the last 2 years of their educational program, where they start thinking about themselves and what they will contribute, it is very critical in terms of their own self-concept and self-awareness.

We have found that the young people can make decisions at age 16 to look toward a career and look toward specific occupational training within the industry or business that they go to employ.

Let me say to you, that we need to look at the whole, the macrosituation, and it's not one person's fault, and not one group can be damned for it.

We are addressing those situations in vocational education.

Senator **Quayle**. I'm not looking to blame one particular group. What I'm trying to do is to determine where the responsibility rests on providing some of the basic education services, basic educational resources. Traditionally, that has been the primary concern and responsibility of State and local governments.

And you, Mr. Kosbab, mentioned the elimination of the Department of Education, which I certainly support, and have worked and will work to see that that change—there has been talk about putting training over into the Department of Labor, rather than, as you mentioned maybe shift the vocational education into Commerce for the productivity aspect.

What I'm trying to do is to discern where these basic responsibilities should be. I think one of the basic questions that we have to ask ourselves when we get into this dialog, is what is a Federal concern? What should the Federal policy include? What should the State responsibilities be? And then the local communities?

That's one of the objectives of these hearings, to get input, and to be able to identify these areas of responsibilities.

Mr. **Taylor**. If I could just add a footnote, one of the things that our studies are showing is that students in vocational education have a lower socio-economic status by various scales and indicators. They generally are lower in their basic skills attainment, and we have research going on now trying to discern what actually happens to basic skills attainment while they are enrolled in vocational education. We may well find that vocational training is not only providing occupational skills, but is also fulfilling a very important remedial function with respect to basic skills. But I do think that gives rise to the policy question in terms of the amount of student time that might well be assigned or the role of the Federal Government with respect to support of this kind of an activity, as Dr. Bottoms, for example, in his testimony, in Washington, points out that the Federal participation in vocational education has gone down. We're now serving over 18,000,000 students, and we have, I think, somewhere between $20 and $30 of Federal money in this program.

And there are vital national concerns, it seems to me, with respect to basic skills level and the possibilities of correcting those while they're in the system, and, thereby, eliminating the need for special programs that have, obviously, in the past had higher per capita costs.

Senator **Quayle**. Beverly.

Ms. **Hankenhoff**. I just wanted to add, because I think the question of basic skills is important to all of us, because those of us in vocational ed, if we don't have the basic skills when we get the student or the adult, we have to address it in some way, shape, or form, and have done that. I think that's been indicated by the other testimony.

But one of the factors that, apparently, is becoming evident to people who are studying basic skills in education is a change in our basic structure that we have not really addressed, although we seem to know it's there, the recent closing of many newspapers; the trend toward some newspapers and magazines reductions. We are finding, in many instances, we are no longer a reading nation. We use other media. Children apparently learn by example what is important, and learn by reinforcement what is relevant. If, in the lower levels of education, or at home, or other places, the need to read, or the need for math, is not reinforced as a relevant part of daily living, it becomes very difficult for public education to convince a child that these skills are important, unless there is a relevance, and, unless there is a reinforcement factor.

Several of the studies that have been conducted in recent years are beginning to show that some of the greatest concerns about basic skills are things that are currently happening in our own homes and in our own communities with regard to changes in our way of life. We are going to have to consider these changes, if, indeed, basic skills are important as we all perceive them to be.

Senator **Quayle**. OK.

Mr. Kosbab.

Mr. **Kosbab**. May I make one last comment?

Senator **Quayle**. Surely.

Mr. **Kosbab**. You have asked several people about block grants, and I would just like to give you a quick, personal reaction.

I caution you about block grants in that they become rabbit chasers, and that various agencies of Government will chase the rabbits that seems to appear in the bushes at the first time.

I would look to a form of some sort of categorical aid so that priorities of the Nation can be addressed.

For example, if one State or one community had a need for new industry or expanding industry, the priority may go there, and then your disadvantaged, handicapped, unemployed could possibly not be served; or if you were retraining to get new industry back in, using the transferability of skills that are already there.

And then you could have another community that would concentrate totally on the handicapped or disadvantaged with no considerations for the needs of industry or business.

Unless there are some guidelines within those grants or categoricals, or set-asides, I'm afraid that categoric aid and the work force to keep this country defensively strong, and the manpower to make those defense efforts work would be jeopardized.

Senator QUAYLE. Let me ask you this. Who do you think would be the best to make the decisions on how much service ought to be given to industry, how much moneys ought to be appropriated to help the disadvantaged or the handicapped, the needs of which may be more predominant in one community than another? Would that be best served by the decisionmaker here in Indianapolis, or would it be better made in Washington, from your viewpoint?

Mr. KOSBAB. Sir, you can abrogate your own responsibility by putting out to 52 different units. I think the State could do the same thing, where we have 88 counties, 615 school districts, 50 vocational districts, plus several, 50 or so universities and colleges, and technical institutes.

This becomes a matter of cooperation and coordination among those agencies and the leadership within our Government agencies. Our leadership cannot just do things on their own without consultation with the private sector, as well as the public sector.

I can see a joint planning committee. I think the advisory councils that have been established can provide some service and they need to be restructured, and reorganized. At the present time, I would say that if training is to be nonpartisan, and to serve the people, then it needs to be governed by nonpartisan board.

In our State, we have a public, elected, nonpartisan Board of Education composed of 23 members; each member elected from a congressional district.

I think our board of education can do things in the area of training and education to serve our people as a sole State agency for vocational education and training.

I would also suggest that possibly activities of work assessment, work evaluation, for people who are going into training or have specific needs can be coordinated through this same unit.

You're looking for specific training with industry, then that linkage can come through Departments of Economic Communities, and we have worked out liaison people with the chamber of commerce in about 40 different points throughout the State, and are finding that the chamber of commerce is working well with this, and with the boards of education in those communities to identify the specific occupational needs of those communities.

Senator QUAYLE. You heard the earlier panel member who was from Fort Wayne, Ind., indicate that, if I can summarize his rather direct testimony, he was a person who was turned off with the CETA program because of some of the problems and the regulations that emanated from Washington.

We have all agreed that it's going to take communication and coordination, State, Federal, and local. From my own perspective I would add that with this coordination and communication we've got to have confidence and credibility amongst each other. There seems to be a great deal of cynicism toward a centralized system in Washington and that's partly the reason I think that we have seen a lack in an efficient delivery of services. We have seen the Government made to be the ogre, and if you ask most people, the Government is that. Well, in some cases, I think it is. In other cases, I think it should be benevolent. There has to be a compassionate, humanitarian Government to serve our people.

So, I think that we went too far in one direction, and that is the centralization and the removing of Government authority and jurisdictional decisionmaking process from the local level. Where that balance may be struck is open to a discussion, but I certainly want to move in the direction to restructure it more toward the local units that it has been in the past.

Mr. **Kosbab**. That needs to be categorized.

Senator **Quayle**. Pardon?

Mr. **Kosbab**. That needs to be categorized.

Senator **Quayle**. Categorized.

Well, you can identify the national concerns and priorities, but the problem starts when you institute a lot of mandates and edicts without any kind of discussion. That's why you turn off people like this businessman from Fort Wayne, who said, "Well, the heck with it, if Washington is going to tell us how to do it, I'm not going to be a part of it."

And that attitude expressed there is rather dominant in the average businessman and woman in the community.

Go ahead.

Mr. **Hart**. One last comment.

I can see your interest in basic education, and you heard a number of comments. I would like to leave you with a couple of points of interest and something to think about.

You know, 100 years ago basic education meant something different than it does today. It's still eating up in terms of the overall dollars generated and applied to the form of public educational process a large amount of the resources. And, yet, from some perspectives, not all, it has not necessarily kept match with the kinds of reality, the kinds of things that we, in fact, need or should have as participants are in today's complex economic society. They're things that are nice to know and things that we need to know.

And what I'm suggesting is that employment and training policy or the deliberations ought to take a look at offering maximum flexibility, so that those things that need to be known can trailor the resources with some kind of an equal partnership with those things that are nice to know. OK. Editorial comment.

We have tended to plug a lot of resources, you know, maybe not necessarily in the most appropriate areas, because basic education is not the same any more. It's not the same in terms of any one individual.

Senator **Quayle**. Thank you very much for your very enlightening testimony.

Next panel: Conrad Adams from Adams Engineering; Wayne Thorlton from Technical Manufacturing Services; Leslie Kelly, Central Indiana Chapter of American Society for Training and Development; and Michael Fleck from Kalamazoo County, Mich.

I will be back momentarily.

[A short recess was taken.]

Senator QUAYLE. Let's reconvene.

STATEMENT OF CONRAD ADAMS II, PRESIDENT, ADAMS ENGINEERING, INC., SOUTH BEND, IND.; ACCOMPANIED BY WAYNE THORLTON, PRESIDENT AND OWNER, TECHNICAL MANUFACTURING SERVICES, MARTINSVILLE, IND.; LESLIE KELLY, PRESIDENT-ELECT, CENTRAL INDIANA CHAPTER OF AMERICAN SOCIETY FOR TRAINING AND DEVELOPMENT, AND PRESIDENT, KELLY & ASSOCIATES, INDIANAPOLIS, IND.; MICHAEL FLECK, CHAIRMAN, KALAMAZOO COUNTY EMPLOYMENT DEVELOPMENT COUNCIL

Mr. ADAMS. Thank you, Mr. Chairman, for inviting me and providing me with the opportunity to present my views and opinions toward employment and productivity, especially as it concerns the Bureau of Apprenticeship and Training [BAT] and the U.S. Department of Labor.

As the owner and president of two manufacturing firms located in the South Bend-Mishawaka area of northern Indiana, I expect and hope to have a favorable role in the area's economic growth.

I am a graduate of Purdue University's School of Industrial Management, and have 16 years' experience in the tool and die and machine tool industries.

As I understand supply-side economics, in plain terms, the economic growth depends upon the combined effort of three supply factors: Capital, technology, and labor. Our industry, as well as my companies, utilize a combination of all three, but specifically educated and trained labor.

Education is the key. It is the key to most of the problems of our country today. However, I want to discuss training, specifically skilled labor training.

There is a big difference between education and training. Education is merely the acquisition of knowledge, but training includes developing skill through instruction and practice to achieve proficiency. An individual may be highly educated, but still not trained to do anything. Training involves change, in knowledge, skill, attitude, or behavior. But, more important, it involves practice. This is the major difference between training and education.

Our country needs a national educational system with standards and norms for each grade level, and promotion to the next grade level upon successful completion of the required skills for that particular grade. The emphasis should be placed on maximum achievement for each individual through high school, at which time the individual would make the choice to go on to college or into the labor market.

At this critical point, the individual, based on his or her grasp of the basic educational skills, would choose either a skilled, semiskilled, or unskilled labor market.

Those who represent the upper third of high school graduates should choose one of two paths. One, college educations; or, two, skilled apprenticed trades, with direct and immediate employment with companies who drastically need these qualified candidates to fill the strategic needs of our country. The latter group would fall under the national apprenticed trades program under the direction of the Bureau of Apprenticeship and Training, U.S. Department of Labor.

In the United States, various studies have reflected positively on apprenticeship programs. Apprenticeship graduates frequently have considerable advantage over other workers in their trade. They are reported to work more steadily, learn their trades faster, be more productive, be safer workers, and be more likely to become supervisors than nonapprenticed journeymen. Such monographs advocate the expansion of the national apprenticeship program.

What other program would serve as well as an effective catalyst for training within small enterprises?

Approximately 85 percent of my employees are skilled machinists and tool and die makers. These employees go through a 4-year apprenticeship program. During their apprenticeship, they receive theoretical education and practical skills development while earning a livable wage.

A first-year apprentice working 2,158 hours during the first 11 months at our company last calendar year earned $16,183 in wages.

It has been calculated that, having two dependents, that he would have paid $1,882 in Federal taxes, and $279 in State taxes for the last year.

If, on the average, he served as a model wage earner for all the 7,706 registered apprentices in the State of Indiana, the Federal Government would have collected taxes in excess of $14,502,000; in the State, $2,149,000.

It is readily determined that an apprentice is a donator to the system and not a recipient from it. Also quite recognizable is why our industry obtains the best qualified human resource available to train as apprentices over those from society that are ill-prepared and less educated.

These 4-year apprenticeship programs were developed with the assistance and the cooperation of our local BAT representative and our local Management/Labor Relations Joint Apprenticeship Committee.

Prior to our programs, other management and labor groups worked hard for over 21 years to obtain the passage of the Fitzgerald Act of 1937, creating the Bureau of Apprenticeship and Training, U.S. Department of Labor, in order to have a national standard for training of skilled craft apprentices.

The limited BAT staff since that time has quietly and effectively encouraged various management and labor groups to voluntarily accept their responsibility to train a work force at the jobsite and establish a related course instruction.

The BAT program serves as an effective catalyst which helps private enterprise to work together to obtain skilled, productive craftsmen for the American work force.

Apprenticeship exemplifies the use of human resources to build a skilled work force.

Despite its modest Federal cost per apprentice—$45.31 nationally; $59.20 for the State of Indiana; and only $48.48 for South Bend, Ind.—its contribution to expanding the skilled work force, the support of management and labor organizations, and the 44 years of successful experience with the private sector, BAT and the national apprenticeship program concept appear to be directed for abandonment by the Washington executive branch planners.

The proposed BAT fiscal 1982 budget of $13,236,000, down from $15,085,000 budget for fiscal 1981, I am told, will cause a loss of at least 119 positions, and the closing of many BAT field offices, including South Bend and Terre Haute.

There have been many dollars for research, studies, and other input from labor and management concerning the national apprenticeship program, the conclusion of which advocates the expansion of the voluntary national apprenticeship system.

Does the executive branch of Government advocate just the opposite and endeavor to destroy the system?

The apprentices in Indiana will pay more in Federal taxes in 1 year than the entire fiscal year 1982 budget for BAT.

The diminishing of the BAT program is not a prime example of the new wave of Government cooperation with business and labor that the Reagan administration supports.

Other industries, our industry, and my businesses, and myself as well, highly value and respect the services provided by the South Bend BAT Office.

If the Federal Government is looking for the most effective way to get people trained and into jobs, there is none better than the BAT program.

I thank you.

Senator QUAYLE. Thank you. Thank you very much, Mr. Adams.

Wayne Thorlton.

STATEMENT OF WAYNE THORLTON, PRESIDENT AND OWNER, TECHNICAL MANUFACTURING SERVICES, MARTINSVILLE, IND.

Mr. THORLTON. Mr. Chairman, I thank you for the privilege of appearing before you today as a small businessman.

I have with me Dena Denny, an employee of mine, who came on as an apprentice. She is my chief designer. She goes out and quotes jobs. She runs my office when I'm out on business. She also takes care of my business when I go on vacation. And she is not here as a status symbol either. She is an employee, and we treat her as an employee. We treat each other as an employee.

My interest in your committee is based upon our company policy, and that is of taking young people and training them in the field that I was trained in, which is drafting.

I am a member of the Indiana IV Tech Advisory Council for Morgan County. I have worked or had contact, and have trained people, or tried to train people, with the CETA program, also through the Indiana Employment Security Division, through the Veterans' Administration, and also through IV tech.

After my oral testimony, I would like, with your permission, to be able to read my recommendations and also my findings and conclusions.

Senator QUAYLE. OK, go ahead.

Mr. **Thorlton.** Today's shortage of skilled work force is a result of an educational industrial system being restricted by Government policy and regulations. The skilled work force that is being diminished came to life during industrial requirements of World War II and the space program leading to the landing on the Moon.

This work force is now in, at, or near, retirement age. This lost experience has not been transferred to future generations. Today's retired skilled have no trouble working at reduced hours if their work interest is still there.

The space program and subsequent world problems brought onboard the theory that a college education would be required in the future work world. This was supported by the Government, fostering aid and exemptions to college-bound youth. Consequently, the youth and supportive agencies were of the opinion that a college degree would solve all problems.

Bear in mind, I am in favor of a college education, but there are fields of endeavor that require the ability to perform based upon your God-given talent.

My interest lies in the drafting and engineering technician field. We all, at one time or another, daydream. As we think of ideas, they stay an idea until someone builds it. Building something requires a drawing. Therefore, the draftperson is the first step. If, as was reported in the newspaper, that 11,000 draftspersons will be needed, then where we fall short of that number will reduce our productivity.

We have entered into a new era of industrial technology brought about by computerization. It is changing all phases of everyday life throughout the world. Even though we have this technology explosion, the skilled industrial segment will need, if I may say so, old-fashioned apprentice-trained skilled craftsmen or craftswomen. These workers will be needed to design, draw, and build the individual components, gages, and fixtures, and supportive tooling necessary to produce a finished product.

This explosion will also create more job openings, but with the birth rate decline starting about 7 years ago, there will be fewer workers to fill those positions.

A skilled work force can utilize its experience into yet unknown techology fields. At the present time, we are a stagnate, nonproducing industrial Nation.

We have auto industry problems. We blame the Japanese.

We have energy industry problems. We blame the Far East.

We have soft goods industry problems. We blame it on cheap labor in other nations.

We have housing industry problems. We blame it on the economy.

It is far easier to blame someone else than admit wrongs. This Nation's industrial heritage was built on vision, not hindsight.

The written testimony before you believes in the potential of our youth to become a skilled craftsperson. These youths will see and help those visions become reality.

We classify ourselves as a compassionate Nation, but we are not filling that role when we allow our human resources to die with utopian social actions.

Our society should be directing its goals toward an employed work force instead of unemployed brought about by social programs. A person's contributing worth to society should not be balanced by their present status which is based upon financial environment.

I challenge all of us with this statement: Today's unemployed will be tomorrow's unemployable.

In regards to my written statement, our findings and conclusions are such:

One, out-of-date Government policy and/or regulations.

Conclusions: Stifling apprenticeship programs, produces costly and out-of-date technology.

Two, career counseling.

Career counselors relate to college education requirements almost today.

Three, Government programs are producing few productive citizens.

Programs should create independence instead of dependence.

Four, Government job training programs produce few results. Most programs are make work and of the variety that do not promote training as highly specialized skills and the work ethic.

Five, skilled workers are in demand.

Number of skilled workers required will increase.

Six, skilled workers are being absorbed by large industry.

The small business gives the apprentice training, but cannot compete after experience is acquired.

Seven, public schools restricted by social and fiscal problems. Teacher's ability to instruct reduced by students' rights encouraged by parental privilege. Underpaid teachers reduce quality instruction; can't employ highly skilled instructors.

Eight, Government agencies not interacting.

This lack of interaction produces at the best decisions with a tremendous loss of time.

Nine, public schools have difficulty teaching skilled trades which will provide a hirable person.

Outdated instructional texts and/or methods.

Ten, industry can best train a skilled worker.

One company's method produces results.

Eleven, apprentices are thankful for training received.

A personal approach and value oriented instruction reduces educational timetable.

Twelve, there are people not trainable in the trade they choose.

Life values prevent continuation of career training.

Thirteen, learning a trade has no age barrier.

Instructions can be tailored to increase transfer of experience to apprentice.

Now, for recommendations, this writer, based upon 28 years in industry beginning as a detailer to present business owner, feels adequately qualified to make the following recommendations:

One, Government should write policy and/or regulations that encourage apprenticeship training using government contracts.

Two, the educational sector should become more sensitive to industry input and update texts and methods.

Three, government should search for and encourage proven apprenticeship programs and promote their availability to all.

Thank you.

[The following was received for the record:]

ADDENDUM TO STATEMENT OF WAYNE THORLTON

THE PROBLEM

The government of the United States is willing to terminate a business relationship with Technical Manufacturing Services of Martinsville, Indiana. Technical Manufacturing Services has supplied drafting services to the government for the past 5 years. The Martinsville based firm has a long record of quality service and also promotes the training of technicians in the field of drafting as a company priority. The decision to terminate evolves from Armed Services Procurement Regulations, July 1976, Subsections 1-302.2, 3-604.2, 3-605.2, 3-605.3 and 3-605.7.

It is the position of Technical Manufacturing Services, through its President, Wayne Thorlton, that the United States Government is turning away from a system that has provided a quality of service otherwise unavailable to its agency and that through this action, is sacrificing a viable training program within a field of endeavor that demands increased working force participation in order to provide for this country's current and future needs.

It is the position of Technical Manufacturing Services that the United States Government has allowed questionable policies and procedures to interfere with its publically stated intent to provide needed and meaningful employment to those capable and desiring work through an enhancement of the free enterprise system. It is the position of Technical Manufacturing Services that the training provided is otherwise unavailable to the overwhelming majority of the population due to the specialized skills involved and that the government, through its policies and regulations, is ignoring the benefits of a long history of apprenticeship programs in this country.

It is the position of Technical Manufacturing Services that specialized training cannot be obtained through the public schools of this country due to the extent of other demands placed upon them by society and that other governmental "work programs" such as CETA, have failed to generate any meaningful results from the standpoint of training individuals in specialized areas. It is our position that the government's work programs tend to discriminate against that segment of society which is most able to make use of specialized training and that existing policies and regulations are causal to that discrimination.

EXHIBITS AND DOCUMENTATION

The policies and procedures causal to the problem are found in Exhibit A. Special attention is requested to Subsections 1-302.2, 3-604.2, 3-605.2, 3-605.3 and 3-605.7 of the Armed Services Procurement Regulation. These policies and procedures effectively destroy the employment and training effort because they are based upon a 1976 economic climate which is not compatible with today's inflationary dollar.

The government emphasized the requirement for competition as the overriding reason for the change in procurement approach and suggests that it cannot base decisions upon "social concerns." Exhibit B indicates that the total revenue involved amounts to $200,000 for all work completed for FY 1979. For this amount the government received needed specialized services. The total dollar volume spent by Naval Avionics Center for outside procurement during FY 1979 was $104,024,136. Technical Manufacturing Services share of the $200,000.00 was $25,076.00. These dollars were used to provide apprenticeship training in drafting. It is interesting to note that the Armed Services Procurement Regulation of 1 July 1976, which has been cited as the reason for a change in procurement procedure, refers directly to the need to build business relationships with small business concerns, labor surplus area and minority enterprises.

The employment and productivity concern is voiced by the private sector in various tones of anguish as stated in Exhibit C. In his letter of response to Senator Don Quayle dated 10 April 1981, Captain J. H. Holds, Commanding Officer, Naval Avionics Center, refers to the policies and regulations which currently mandate agency reaction to the issue in question.

> This Center has supported, and will continue to support, within the framework of procurement laws and regulations, those social concerns which Federal procurement laws recognize and accomodate. We cannot, however, provide such support when to do so would violate such laws and regulations. For example, while Mr. Thorlton's training program for young, unskilled persons is highly commendable, there is no avenue open to the Contracting Officer to place work with his firm for the primary purpose of maintaining this program.

The dilemma caused by the pressing need to provide training in our field on the one hand, and the requirement to satisfy governmental procurement policies on the other becomes exceedingly clear as Captain Hold continues:

> In summary, were Mr. Thorlton's plea to be satisfied, it would be necessary to violate existing procurement regulations and policies regarding acquisition of recurring materials and services and obtaining competition.

These statements illustrate a concern toward our industrial heritage that has produced technology beyond mankind's wildest dream. These dreams can become nightmares unless education, industry and government can find common ground to produce a skilled work force.

(Note: In the interest of economy, the exhibits referred to in Mr. Thorlton's statement were retained in the files of the Committee.)

Senator QUAYLE. Thank you very much, Mr. Thorlton, for a very succinct and direct testimony. We certainly appreciate it.

Next we have Leslie Kelly.

STATEMENT OF LESLIE KELLY, PRESIDENT-ELECT, CENTRAL INDIANA CHAPTER OF AMERICAN SOCIETY FOR TRAINING & DEVELOPMENT; PRESIDENT, KELLY & ASSOCIATES, INDIANAPOLIS, IND.

Ms. KELLY. Thank you.

I am Leslie Kelly, and I am president of Kelly & Associates Training Consultants, and also president-elect of the Central Indiana Chapter of the American Society for Training and Development.

The other thing that I would like to note, at this point, is that I have also been in education for the last 13 years. I teach part time out at IUPY, and, in addition, am on the Indiana State Chamber of Commerce's Small Business Committee, and presently chairing their education committee, and I say that because it will put some of the things that are in the testimony, I think, in better perspective for you.

The Central Indiana Chapter of the American Society for Training and Development wanted the opportunity to testify because we were very interested in further backing the testimony of our national president, in June. I don't know if you remember.

But one of the things that we were very interested in was the idea of targeted employer tax incentives for job education which was mentioned was in the testimony.

Since that testimony, another paper has come out, and I believe they sent it to your office, and it listed in further detail some of the possibilities for working with businesses and industries, and we are very interested in that.

Another concern we had also was the fact that present training system in the United States is rather extensive but a lot of the programs that have been developed over the past 5 to 10 years have not used that training system. Instead, they have created new programs with people who we don't always feel were totally qualified to be running a training program.

Another concern that we had is that there are a lot of agencies that are in existence presently in the United States who do a good job of training. Some of them are youth works, 7001; some of the less often thought of agencies are groups like the YWCA, the YMCA, the Girls Clubs of America, and some of the other groups, and they oftentimes do a very good job of training, and they also do very well with placement and retention, because of the good follow-up techniques that they use.

A third concern that we had involved the background of the training staffs. The reason I mentioned that I was in education is because I am also trainer. And a lot of people who go into training and development have come out the educational field, and we have discovered that there are a lot of skills that you have to acquire as a result of being an educator moving into training. One of the concerns that CIASTD has had is that some of the people who have gone into training were not competent people and do not understand the difference between being in a classroom and being in business and industry, and trying to educate people in the industrial setting.

Further, we had a concern about the high administrative costs that a lot of CIASTD members have seen in some of the programs. Some of our CIASTD people have been involved in programs. For example, I did one in particular where there were seven administrative people standing there watching me doing this program, and I was a little bit concerned about having those high level people there just observing when they might have been doing something else more productive.

I am not the only one who has had this experience. A number of members on the committee that worked on this talked about this.

Another concern that we have is the retraining of individuals. A lot of us who work in training and development, especially in high technology industries, are finding that the people are having a difficult time filling jobs within their business and industry; that they don't have enough trained people, for example, in electronics, computers, word processing, these kinds of areas.

We think it is very important that any type of program that we put into place very much concentrate on the retraining of individuals. I think something of notice that the Japanese spend a great deal of time retraining individuals within their own industries when their skills become obsolete. And I think this is one area that we can look at and take that example and possibly use it in our own training system.

Also, there are a lot of people who have had excellent technical training in a lot of programs that are available, but one of the things that has not happened is they haven't had any social skills training. Now, we're not talking about massive etiquette programs, or this type of thing, but what we would like to see is a program where people coming out of certain backgrounds who haven't had the advantage of knowing the appropriate thing to do, and the kinds of ways to behave in a particular situation have some idea of how to walk into a work situation, analyze it, look at it, and figure out what to do with it. And a lot of people fail because they don't have those skills.

We're not saying that there needs to be a massive program for this, but that this be integrated into and part of some of the training programs. We are aware of one, Training, Inc., which opened here recently in Indianapolis. They are doing secretarial skills training and they actually have an office situation, and the people involved, come in, are involved in a daily office situation, and they are taught all those skills; it's a self-corrective type of thing. They have people observing. And it has been a very good set-up. They have had some very practical training.

The last area that was a concern, and, of course, is a concern of mine, is for small businesses, because I own my own small business, and I do training and development. I often find that a lot of small businesses who need training are unable to afford it. A typical training program, even a university level can cost $200 or $300. And it is also very expensive for them to bring somebody in just to train two or three employees.

Any program that would be put together on a national level really should think about small business people, because they do employ about 46 percent of the work force, and, yet, many of them cannot afford to train any of their people other than on a one-to-one basis. And, of course, many of the people that they train are attracted by higher salaries in the larger businesses and industries, and the small business owner has to start all over again.

People whom I have talked to who have failed in this small business area have often cited this as a critical problem. They haven't been able to afford to keep training, and, you know, you have only so much energy when you're running your own small business.

The targeted tax employer incentives for job education that were mentioned by ASTD in June when they testified is one method that I think might appropriately address this problem.

Thank you.

[The prepared statement with attachments of Ms. Kelly follows:]

TESTIMONY OF
LESLIE KELLY

PRESIDENT
KELLY & ASSOCIATES TRAINING CONSULTANTS
AND
PRESIDENT-ELECT
THE CENTRAL INDIANA CHAPTER
AMERICAN SOCIETY FOR TRAINING AND DEVELOPMENT

BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
HEARINGS ON
EMPLOYMENT AND TRAINING
ISSUES

August 25, 1981

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
August 25, 1981

Mr. Chairman: I am Leslie Kelly, President of Kelly & Associates Training Consultants, and President-Elect of the Central Indiana Chapter of the American Society for Training and Development (CIASTD). Today, I'm here to represent the more than 200 members of our Society.

I want to make the following points for the Subcommittee:

1. CIASTD fully supports the testimony given by Carnie Ives Lincoln, ASTD President, on June 15, 1981. We strongly urge that thoughtful consideration be given the concept of "Targeted Employer Tax Incentives for Job Education."

2. The Congress should consider using the extensive training system already in place in both the public and private sector, and use it more effectively rather than creating a new system.

3. The Congress should consider funding agencies who have a proven track record such as Youth Works, 7001, the YWCA, the YMCA, Girls Clubs of America, Boys Clubs of America, etc. Nation-

wide, many of these established agencies have job training programs and good placement and employee retention records.

4. Any administrative staff of any training program should consist of competent trainers; educators do not always understand the difference between education and training.

5. The Congress should consider creating an administrative cost ratio system. In the not-for-profit sector and business and industry administrative costs that exceed a certain percentage of the operating budget are considered excessive.

6. Each program developed must directly relate to the business community; it cannot exist in isolation, as some programs have.

7. Retraining individuals with obsolete skills has become imperative. New technology has and will impact American businesses significantly in the next five to ten years.

8. Though individuals need technical skills training, they also need social skills training as well.

Oftentimes individuals are given good technical training, but they fail because they lack the appropriate social behavior to succeed in the workplace.

9. Small businesses employ 46% of the work force, but many of them lack the resources to train those individuals. Consideration must be given to their needs and lack of resources.

During Carnie Ives Lincoln's testimony, excellent background information was given on training and the American work force. CIASTD, rather than repeat the information given, wants to elaborate on several concerns.

The first concern is the use of the extensive training system already in existence in the United States. The number of training programs available is extensive. In addition they offer every type of training needed. Creating a new system with a new administrative staff seems unnecessary. Should the Congress change the present system, they should try to incorporate the already existing system into their plans.

A second concern is the use of already existing agencies that have proven track records. CIASTD members are familiar with the programs of those agencies listed and feel that further support of such agencies would be beneficial in the training of the work force.

The third concern involves the background of training staffs. Many of the individuals in training and development are former educators or are still part of the educational system. However, in addition to that role, they have had the appropriate training and experience to develop as competent trainers. CIASTD members have dealt with individuals who are educators doing training who do not know how to train. They lack the appropriate skills and background. As a result the programs do not realistically deal with the business world. It is important that any administrative staff of future programs be competent trainers, so that program development is realistic and relevant to the work place.

A fourth concern is the high administrative costs that CIASTD members have seen in some of the training programs funded by Congress.

A fifth concern is the retraining of individuals whose skills are no longer needed by their present employer. Retraining employees can be very expensive. A program to help with this growing problem would be an important element in any comprehensive training program.

Though many training programs have done an excellent job of training individuals in the technical skills area, they have failed to train individuals in the social skills area. As a result these individuals have failed to be successfully employed because they were unaware of the appropriate social behavior in an organization. Training programs do not have to have extensive segments on this area, but must recognize the importance of covering the subject in a successful program.

Small businesses, unfortunately, do not have the resources to train many of their employees. Though one-on-one guidance is the usual method for training, it has proven to be ineffective due to the tremendous number of changes taking place in the workplace. A small business owner frequently finds his/her energy sapped by day-to-day operations and crisis fighting, leaving little time for training. Also it is not cost effective to bring in a consultant to train two or three individuals. As a result the small business owner has to cope with an untrained staff in many instances. Perhaps a cooperative effort can be developed in any new program that is proposed, so that small business owners can further develop members within their own organizations. The "Targeted Employer Tax Incentives for Job Education" might be in-valuable for the small business owner.

CIASTD supports Congress changing the present system of training, so that it is more responsive to the needs of employers, uses the network of training professionals now available, supports programs that have proven successful, addresses the need for retraining individuals with obsolete skills, is more cost effective, and helps meets the growing needs of small business owners.

Attached are two letters from ASTD members that may be of interest to the committee members. Though CIASTD does not necessarily endorse the views presented, those views may be of interest to the committee.

American Society for
Training and Development

Greater Detroit Chapter
~~Box 94, Farmington, MI 48024~~

c/o O.L.H.S.A
196 Oakland Ave.
Pontiac, MI 48058

August 7, 1981

Ruth Stanley, President
Central Indiana ASTD
6216 N. Carrollton Ave.
Indianapolis, IN 46220

Dear Ruth,

I was very pleased to hear that your ASTD chapter was selected to testify about CETA at Senator Quayle's hearing. It is a compliment to your Chapter to be so highly regarded.

Although this is not an official response from the Greater Detroit Chapter because it has not had a chance to go to the Board, this is a combination of input from our 1st Vice President, Ester Yager, and myself as 2nd Vice President. Both Ester and I work for nonprofit organizations that administer CETA and other employment and training program dollars. In fact, Ester was the administrator of PSE in her agency.

There are two main issues in CETA-type programs today: getting youth from low income areas into employment that leads to self-sufficiency, and getting retraining for those with obsolete skills.

At this time, it looks as though Congress is going to fund youth employment and training. However, the unemployment problem with youth is much larger than what can be handled with projected funding. Training is an investment; welfare is an expense. But the problem goes beyond training for the youth. Even though they get some work experience within existing programs, Congress has cut off that intermediate step between the training programs and permanent placement in the private sector by eliminating PSE. There is no doubt that much of PSE was misused; but on the other side of the coin, good career stepping stones were provided by some programs--especially those run by community-based organizations. It was the community-based organizations that involved PSE participants in community problems, gave skill training, and had unsubsidized employment as a goal (with success). The conclusion is that CETA should fund that middle step so that youth can complete the work experience and training programs, get credible experience in a community-based employment program for twelve to eighteen months, with the true goal of unsubsidized employment.

The issue of training or retraining for adults is gigantic in Michigan. It is best illustrated by two specific examples. General Motors called the agency I work for. GM is building a new plant and employing new technology. GM has 300 people who will be layed off because of obsolete skills. GM has jobs for 300 people with the skills for the new technology. GM does not have the money to retrain the 300 with obsolete skills, nor are there 300 people readily available with the new skills. Therefore, funding must be made available from the Federal government for retraining. We know that this is not an isolated case. The government must get involved with improving the productivity of the American worker--and retraining is the key.

August 7, 1981
Page 2
C.I.A.S.T.D.

The second thing that is on the horizon is the Enterprize Zone concept. Enterprize Zones are sure to be implemented in Detroit and many other Michigan cities. But there is a lack of experienced labor in the potential Enterprize Zone areas. There is also a lack of many work-ethic elements: pride in accomplishments, relationships with a supervisor, reading and math skills, personal budgeting, realistic expectations, etc. Many of the concepts in current CETA youth programs are going to be required by people of all ages to make the Enterprize Zones effective for businesses and the economic life of the surrounding community. Again, it must be a Federal mandate to improve the employee base for the Enterprize Zones to be effective.

I hope this input helps your Central Indiana Chapter be successful in affecting the decisions made in Congress. I look forward to talking with you at the Region V Conference. Hopefully by then, you will be able to report that your testimony did make a difference.

Sincerely,

Gregory F. Moss
2nd Vice President
Greater Detroit Chapter

cc: Gale King
Ester Yager

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July 29, 1981

Ruth Stanley, President
C.I.A.S.T.D.
6216 N. Carrollton Avenue
Indianapolis, Indiana 46220

Dear Ruth:

This will acknowledge the card I received from you this date concerning C.I.A.S.T.D. having been given the opportunity to testify about the CETA program at a hearing chaired by Senator Quayle. You suggested that I send you written information or comments about CETA. I have been associated with the CETA program from the very beginning under the Manpower Development Training Act, which was operated by the Employment Security Division. Since that time I have seen the expansion into the various prime sponsors throughout the State and with the establishment of the Indiana Office of Occupational Development, and now further expanded to include the Private Industry Council which has formed a corporation for the purpose of training CETA eligible individuals for the private sector.

I feel that the CETA program has been a continuous growth of the bureaucracy with people who do not have the knowledge of the day to day work problems in industry establishing programs and directing training.

I have seen frustration on the part of the trainees as well as the employers in this regard.

It seems to me that the government could have provided a greater amount of funds for training people for placement in the private sector by utilizing a system already established such as the Employment Security Division, and thereby have the ability to train more people properly that they not only could obtain jobs but could hold jobs once they were placed in employment.

If the Employment Security Division has organizational problems which do not provide the necessary administrative control, it would be my opinion that the organization should be improved and corrected rather than establishing an additional organization as has been done.

My experience has been that there have been too many professionals advising people and promoting programs that have no opportunity for success.

I have been frustrated time and time again when trying to contact responsible people in the CETA program. I have been told in about 75% of contacts I have tried to make that they are in conference. I have left my phone number asking them to return my call when they are free and do not get the return call without further calls to remind them of my need for such response.

I would hope that Senator Quayle and his committee will obtain comments from the public, then evaluate those comments in the hope that the employment and training aspect of our government may be improved by weeding out the great waste that has resulted over its tenure as a program.

Let's put a stop to the continuous attempt to re-invent the wheel!

With kind personal regards.

Sincerely,

Thomas C. Stigall
Thomas C. Stigall
Director

TCS:mes

Senator Quaylf. Thank you very much, Leslie, for your very fine testimony.

And, now, we will hear from Michael Fleck.

STATEMENT OF DR. MICHAEL FLECK, CHAIRMAN, KALAMAZOO COUNTY EMPLOYMENT DEVELOPMENT COUNCIL, STATE OF MICHIGAN, ACCOMPANIED BY BOB STRAITS, DIRECTOR, KALAMAZOO COUNTY CETA PROGRAMS, AND SENIOR ON STAFF OF UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

Dr. Fleck. First of all, I would say I am in good company with all these small business colleagues here.

Mr. Chairman, thank you for the opportunity to participate in these CETA hearings.

Let me introduce, to my left, Mr. Bob Straits, who is the Director of the Kalamazoo County CETA programs, and on the senior staff of the Upjohn Institute for Employment Research.

I am Dr. Michael Fleck, and I have been actively involved in the Kalamazoo County CETA programs for the last 4 years.

Prior to my current status as chairman of the County Employment Development Council, I served as a Kalamazoo County Commissioner and as chairman of the Private Industry Council.

In addition, my involvement with the Kalamazoo County Chamber of Commerce, current board of directors of the Michigan Independent Business Association, and active leadership positions in State and local professional organizations, have provided a wide perspective from which to view the CETA program.

The Comprehensive Employment and Training Act was established in Kalamazoo County for the purpose of assisting unemployed, low-income individuals in their efforts to obtain and retain employment. Kalamazoo County, like most Michigan communities, is now more than ever faced with rising unemployment and poor economic conditions.

I don't want to go into the lengthy details on why we need CETA. You have heard them before.

The fact is that without assistance in obtaining jobs through employment and training programs, our community will continue to face social problems, such as crime, suicide, low educational levels, and health problems associated with the unemployed population.

But needing employment and training is not enough. To have a program for the sake of having it is not consistent with the philosophies of Kalamazoo County or the Federal Government. What is important is that we have a program that meets our needs.

The Kalamazoo County CETA program has demonstrated its ability to address the problems of the unemployed. It has been managed effectively and efficiently in terms of cost per participant served and positive termination rates.

In fact, the greatest obstacle we have to further success has been the influence of factors outside of the Kalamazoo area. We realize this is not true in all communities, and can only suggest that the Department of Labor deal with communities in accomplishing their goals on an individual basis rather than establishing across the board regulations. Kalamazoo is not Birmingham, Ala., nor Cincinnati, Ohio.

Those were included to awaken some of your subcommittee members who I'm sure are here in spirit.

Permit me to tell you about some of the obstacles that we have been faced in the Kalamazoo County.

A major problem with the employment and training programs has been the multiple objectives established for them. This is particularly true when such objectives are contrary to one another.

For example, we are advised that CETA is intended to serve the residents of our community who are most in need.

In fact, it was suggested by Federal representatives that a point system that ranks members of groups who traditionally have barriers to employment be a method to determine who should be served, and that our programs should be designed around the needs of those individuals.

We have also been advised by another branch of the department, of the same department, that we will be evaluated on the basis of our cost per participant and entered employment rates.

Let me make this conflict very clear. The individuals who are in greatest need of intensive training and education to secure unsubsidized jobs in the free enterprise system are those who will have the lower success rates or who will need a longer time for preparation to achieve job status.

The success of a program does not look statistically good for those types of participants. Program directors then find that in order to survive, they must choose those participants who make statistics look good, but probably assist many people who could secure unsubsidized employment with traditional methods, without Federal assistance.

Senator, this is inconsistent. If we do serve those most in need, the cost per person will be higher and their entered employment rate will be lower than if we serve individuals who are CETA eligible and can benefit from the program based on a design that considers the labor market demands.

The Federal Government has a role in the development and maintenance of employment and training programs. It cannot be left to the private sector alone for a variety of reasons.

The proliferation and complexity of regulations and business taxes do not give conscientious, fundamentally sound businesses the opportunity for expressing a social consciousness in assistance to the unemployed.

Yet, without assistance, too few low-income people will get jobs.

Furthermore, the problems faced by the companies of the State of Michigan are the problems of the Nation. Automobiles are purchased throughout the United States. Consequently, the responsibility for alleviating unemployment is the joint responsibility of the private sector, the local, State, and Federal Government. Employment is a Federal responsibility.

To awaken some Senators again, Kalamazoo is not St. Louis, nor a rural community in Utah. There are numerous effective program designs and models.

Furthermore, what works in one prime sponsor area may not work at all in another. The Department of Labor should make available information to all prime sponsors on the various program designs and models that exist, thus allowing prime sponsors to choose the approach that would be most effective in their area.

It is possible that there are strategies or items not currently allowable under CETA which might improve program performance.

The deregulation of CETA and the flexibility at the local level so local programs have a better chance to capture their own resources in achieving a single objective within a few restrictions would enhance motivation and encourage creativity.

Incentives to interrelate and coordinate with the broader human services community are necessary. There is no incentive to work together. Attempts to coordinate programs have often failed.

The employment and training community must have strong ties with the broader human service community, particularly in dealing with the structurally unemployed.

The needs of these individuals for an array of services that are provided by a number of agencies necessitates a close, cooperative working relationship.

It is also necessary for the employment and training community to have knowledge of local economic development activities and vice versa.

It is not necessary, though, that these various organizations and activities merge in order to accomplish that goal. It is necessary, though, that they collaborate in order to be effective and efficient.

The Department of Labor does not deal with prime sponsors who violate primary objectives of the CETA program on an individual basis, but, rather, establishes regulations across the board.

Local delivery problems can best be solved by dealing with an individual prime sponsor rather than by the establishment of additional regulation to apply across the board.

If, with such passage, the prime sponsor continues to have problems, then such regulations can only tie the hands of prime sponsors intent on operating quality programs.

Again, the fewer the regulations, the more specific the objective, the more understanding up front of what is expected, and how it will be measured, the more stable the program will be and the more probable our success and resolution of some problems facing the employment and training system.

Legislation should allow for local flexibility and accountability. And I recognize that that's a delicate balance.

Kalamazoo is not East Orange, N.J., or Buzzards Bay, Mass.

Within a limited number of clear, specific parameters, local communities should be permitted the flexibility to design programs and take into consideration the needs of the communities.

The Department of Labor and the local communities should enter into an agreement that clearly states what is expected from the utilization of Federal dollars in that community. This agreement should be measured and evaluated on a regular basis. If the community attains their goals, the funding should continue. If they do not, then the Federal Government should simply reappropriate those dollars to other communities until such time achievement of the agreement objectives is attained.

Perhaps the greatest obstacle of all is the lack of continuity and stability in the employment and training field.

After establishing the objectives for the program, with the exception of technical reviews on a periodic basis, programs should be left alone. No business could operate in the fluctuating environment that employment and training programs have experienced in the past 6 years. No business could retain its best employees, given the constraints that employment and training staff have had to operate within and the pressures that they have had to operate under. And no business could ever turn a profit if they didn't know what they were making when they went into production.

Consider yourself a county commissioner, assuming that being a prime sponsor, with a new edict coming down on May 1 for implementation on May 15. If the program is not achieved by May 15, punitive measures, usually in the form of reduced revenues, ensue.

That has happened many times, as I was a county commissioner. That's absurd.

Finally, the human element of intangibles within the program must be stated. Let me give you an example. One individual named Deana motivated and nurtured through the educational system to achieve a GED diploma. She achieves that diploma, which then has a domino effect within the family, with the end result that more people are motivated to achieve career goals and self-sufficiency, and more people are independent of taxpayers' support.

This may not be clear, but what I'm trying to identify here is that Deana was identified as a CETA participant. She became a member of the educational program to achieve a GED degree. There was a great deal of pride that resulted from achievement of that particular degree. The family was a total welfare family. Because of the pride that emanated from Deana other people in the family began to have an interest in furthering their goals. Part of their goals was to achieve at least a high school diploma degree. And as a result, we have fewer people on welfare in that particular family.

In summary, the Federal Government has a role and responsibility for the delivery of quality employment and training programs for this Nation's unemployed. Specific policies with clear and simple stated objectives need to be established that allow flexibility and accountability at the local level.

One of my colleagues from Michigan, and there's not many here from Michigan today, mentioned that there were good parts of the CETA program that should be retained, and that's why this next statement is very important.

The next statement is that we do not need to reinvent the wheel again.

Kalamazoo needs an employment and training program as much as St. Petersburg, Fla., or Providence, R.I. I think I have awakened the rest of your subcommittee, Mr. Chairman.

We have different problems and a different method of helping our citizens to become self-sustaining, contributing individuals, but the only resource available to each is from taxes that have been collected by the Federal Government.

The free enterprise system, which I subscribe to with deep conviction, can only do so much. It has its limitations. If sound, cooperative programs meshing business and Government are implemented, the end result will be more employed people, fewer on the welfare roles, and a much higher quality of life in this great country of ours.

Thank you, Mr. Chairman.

Senator Quayle. Thank you very much, Mr. Fleck.

Let me ask one general question, and have the panel respond. Is the training of our skilled labor for skilled jobs an industry responsibility or is that a government responsibility?

Mr. Adams. I'll take first crack at that.

Senator Quayle. Mr. Adams.

Mr. Adams. In my opinion, I think it is an industry responsibility based on the fact that, take my business, for instance, if I need a boring mill operator, I see that I have a man who's going to retire in another 5 or 6 years, I can recognize the fact in advance that I need a new man to replace that operator, so I can start to train him in advance, rather than have someone from a vocational school train the boring mill operator, and then have him go out and look for a job. There might not be a job right then in my company. Maybe there is, you know, somewhere else.

But recognizing the needs and the opportunities that arise from time to time, I would say it would be industry's responsibility to train the people that they need on an individual company basis.

Senator Quayle. Mr. Thorlton.

Mr. Thorlton. Yes; I subscribe to that also. My only contention is that there are policies in the Government which restrict companies to participate in programs to where they could hire more people and train them, become an apprentice on into the journeyman.

I have a statement here that says policy is putting a price tag on my ability to sell my talents. And I have a specific concern of that nature, which I am sure you're aware of. I don't know whether you want me to bring that up at this time or not.

Senator Quayle. You can go ahead and bring that up. I am aware of it. If you want to go on the record and briefly describe it, we would be more than happy to listen.

Mr. Thorlton. Yes, I will. It's in the written statement here.

The fact that we have been doing business for 5 years with the Federal Government, especially Naval Avionics here in town. We also do work for Crane, larger corporations.

When we became a supplier for Naval Avionics, we were not told about any policy or regulations which would prohibit us from servicing them. There came on board an audit out there, which said that they couldn't do business with us any more. They would have to cancel us out and make it one supplier.

The policy that said this was anything over $500 had to be a competitive bid. They said that we wouldn't bid against each other, and I was never asked to bid against anyone else. The $500 policy was written in 1976, and we're talking about 1981. In 1976, that bought a lot more of my services than it does today.

They were also talking about a total service of $200,000 divided amongst 8 or 10 suppliers. That was $200,000 out of a budget that they spent for outside services of $104,000,000.

My portion of the $200,000 was $25,000. Out of those $25,000, I provided the country, skilled people that I put out in the work force, and I didn't use CETA dollars, nor did I use welfare dollars, nor did I use vocational training dollars, nor did I use Veterans' Administration dollars. This was dollars that I got from contracts, and I put it back into the young people of this Nation. Now, that's my company policy, and I will continue to do it, regardless of what comes out of this meeting or any other hearing, because I believe in this country. I believe in these young people. I was once one myself.

But this policy of this nature is stifling apprenticeship programs. I would much prefer to do my business on my own without Government interference. I believe in this country and its Government.

Senator **Quayle**. We are aware of that and we will be working with you.

Ms. Kelly.

Ms. **Kelly**. Answering your question, I think it is a joint responsibility, because there are certain skills that I know just from working with a number of people, as well as the other trainers, that we see coming into the companies that people are lacking the basic skills. A lot of students today aren't being guided through school correctly. They really need more math, more science and these kinds of subjects. They don't even have the basic skills when they get to the very specific training areas. So, as a result, it's almost impossible to train them for the apprenticeship types of jobs.

Senator **Quayle**. So, you think it should be basically a joint responsibility, particularly in the education aspect?

Ms. **Kelly**. Especially the educational aspect.

I think the education system, and I know a lot of other people share that feeling, hasn't caught up with the present technology. So, it's very difficult. They don't even have people with basic skills that they can train to do specific jobs within the businesses.

Senator **Quayle**. Mr. Fleck.

Dr. **Fleck**. Senator, earlier I think you mentioned that the private sector was spending approximately $30 billion dollars in training programs. I agree with the rest of the members on this panel that industry has the primary responsibility for training people to meet their needs, but I think with the CETA programs we were talking about having those individuals at the level that industry can train now. Many people that would be of the structurally unemployed, unemployed area, don't have the tools that industry can afford to train them when they're at that particular level.

So, again, it's a joint venture to a certain degree, with the primary emphasis being in the private sector, but the Government having some responsibility.

Senator QUAYLE. Has the targeted jobs tax credit worked?

Go ahead, Mr. Thorlton.

Mr. THORLTON. To me, I think we used it one time. I believe my accountant was able to use it. But for a small businessman such as myself it is really of no value. One reason, I don't have any lawyers and things of this nature to find out all these programs that I can get into, nor can I always get into those programs, because, as a small businessman, I do have to make a profit, if I don't make a profit, I don't get a paycheck, and the people do want to get paid before I am.

I also, in regards to the CETA program, I would like to bring on base this. I worked with the CETA program. The problem that I had with it was that I had to train the person and also pay the person, even though I was reimbursed part of that money. But I was having to subsidize, basically, his training out of purchase orders I received, and these people that they are talking about, the hard-core and that, is a slower trained person. You have a different environment you're working with. I can train those people under the CETA program, but I can't put all of my resources or half of my resources into that person, because of the timeframe that it takes to train, and the other problems that you get involved with.

I don't think tax credits are the way either, because the small businessman does not have the advantage of the tax credits that the larger corporations have. And the larger corporations do not want to train per se, because they would rather come and hire from the smaller companies because they're going to get a much better person.

Senator QUAYLE. Mr. Adams.

Mr. ADAMS. Well, as far as using tax incentives, I would imagine that my company has under the advice of accountants, but as far as my personal feeling with regards to using them, I would much rather just go ahead and do my own training. We have a school in the South Bend area that trains tool and die draftspeople, and tool and die apprentices, and it's an independently operated school. We have no Federal or State funding, and we have certain responsibilities to maintain a good staff and put out good apprentices. We see to that, because the apprentices that go out of that school go into the companies that own the school. It's a self-supporting system that we have within our own Michiana Chapter of the National Tooling and Machining Association.

But I don't really feel that it is necessary to put out incentives, or it shouldn't be necessary to put out incentives for businesses training their own people.

I have a need for these people in order to do my business, and without them, my business will subside, so my basic interest is to train people and to make sure that they're good people. I want good people to pick from, and I don't want people—an edict that I should train the hard-core disadvantaged and so forth. I cannot maintain a economic basis and profitable running organization by spending too much time training people that aren't prepared.

I strongly feel that if you are going to take all the budget for CETA and put it into the basic education system of the country, it would probably be money well spent.

Senator QUAYLE. Leslie.

Ms. KELLY. I would like to reinforce what he has to say about the fact that it's very hard for a small business person to use the present system. It's just cumbersome. I don't know if there's anything that can be done.

Senator QUAYLE. When you're talking about the present system, are you talking about the——

Ms. KELLY. The tax, the job credit, yes.

Senator QUAYLE. The tax credit.

Ms. KELLY. Most of the time—the people whom I talked to said that by the time you wade through everything and then try and decide how to use, you're not using it correctly. And your accountant comes back and says, "Why don't you just drop it."

Dr. FLECK. It's interesting that in Michigan we just held the first small business conference. I don't know if you people have heard about it at all, but what's interesting is that it was pretty much a consensus that the approach to use for utilizing people that have been underemployed was not to give them money, but to use targeted job tax credits. So, small business people certainly have a lot of disagreements with each other.

But I think two things are important about the targeted job tax credit program. First, is that there probably isn't enough education about it, particularly for the small business people. Second, the thing that is important about it, as Mr. Straits just indicated to me about the experience in Kalamazoo County is that it's just underway now. They're just starting to see the results of it. Now, is Congress going to eliminate it? Will we have a track record to deal with it?

Senator QUAYLE. We basically extended it for 12 months.

That means we will have to deal with it again in another 12 months, but that was put on in a tax bill. The testimony that we had in Washington was basically reflective of the testimony here. There's a difference of opinion, as we are finding out this whole day, that there's not a great deal of consensus in what kind of system it is we need, where we are, and where we need to focus.

Go ahead.

Mr. THORLTON. Could we let Dena talk a minute about her apprentice training? We've been talking to administrators, educators, business owners. This is an apprentice trained person. Would you listen to her if she had any comments?

Senator QUAYLE. Fine.

Mr. THORLTON. And they're her comments. I've not programed her. I don't do that. [Laughter.]

Senator QUAYLE. All right, Dena, you're on.

Ms. DENNY. I've been where I'm at for 4 years working with Wayne and his company. I came straight out of high school, and he talked to me, and offered me a job, which I was very grateful for.

I really had no direction or any sense of direction of where I wanted to go, or what I wanted to do, and he gave me this opportunity, and I pursued a college degree which I am currently doing at I.U.P.I., Purdue section, here in town, and I'm very close to my bachelor's degree.

But I feel, seeing both ends of it, for being in it for 4 years, he's made me the chief designer and somewhat of a manager. But I feel like the college education has done me a lot of good, but I can't compare that to what he has taught me on his own time and his own money, and what he has put into me financially to support me and get me started in it. That's really the basis of all I have to say is that that is the best route.

They both compliment each other. But the actual on-the-job training is the best, as far as I'm concerned, because I have seen many people on both sides. You know, if you have the education to start with, if you wish to pursue it any farther, that's the best thing to do.

Senator **QUAYLE**. But your training and your opportunity came through the private sector?

Ms. **DENNY**. Yes, it did.

Senator **QUAYLE**. There's an American success story. You had the opportunity. You've been, obviously, successful. I would like to know who is running the business right now. You're both right here. [Laughter.]

Mr. **THORLTON**. Sir, I'll tell you.

Senator **QUAYLE**. You have another one.

Mr. **THORLTON**. I'll tell you who's running my business. I train my people to be responsible people. I don't feel like I should have to be there all the time. If I didn't train them properly, then I fall down.

Senator **QUAYLE**. I agree.

Well, thank you very much.

Michael, you have something to add?

Dr. **FLECK**. Just one more comment.

You've asked everybody else about the delivery system and about the way the funds are going to be delivered. We know that in the general current balance of State CETA programs, the ones that are distributed by the States now, that they have a higher cost per participant and a lower entered employment rate than do the prime sponsor approaches. I realize that that's not a totally accurate interpretation of the cost that would be there if it were delivered through the States as what has been suggested by many of the participants and panels today.

But when we look at cost effectiveness, and we look at the viability of the programs, I would hope that it would be taken into consideration. And something else, for example, in Michigan, we're under real duress, as far as our economy, and "protect thy" is very important in Michigan in every area. One has to look at power structures politically, and what a concern can be for, say, the out-State area of Detroit—and this isn't to cast any stones on Detroit. Detroit is a very viable part of our State, and we all feel that it is very important. But we are aware of the political ramifications that can exist with 2,000,000 people and with all the elected officials, and the approaches that can be used on State government are utilized versus 200,000 people in Kalamazoo County. What's going to be equitable?

So, I think that's a very, very big concern that we have, and I think it's a concern of every nonvery, very large city, or county, in the United States.

Senator QUAYLE. I think any kind of equity concern is very valuable, and it's something that will have to receive its due deliberation, and how we achieve that is something that we all must pursue.

I just want to thank the panel for your testimony and your very forthright response to the questions. Thank you very much.

The next panel, last but certainly not least, as they say, from the Association of Indiana Employment and Training Administrators, Mr. Lawrence Steffel; from the Fort Wayne area consortium, Joe Daniel; and from the Bureau of Apprenticeship and Training, Mr. Ray Heninger.

First, Mr. Steffel.

STATEMENT OF LAWRENCE J. STEFFEL, PRESIDENT, ASSOCIATION OF INDIANA EMPLOYMENT AND TRAINING ADMINISTRATORS, STATE OF INDIANA, ACCOMPANIED BY JOSEPH DANIEL, DIRECTOR, FORT WAYNE CONSORTIUM, M. RAY HENINGER, FORMER STATE DIRECTOR, INDIANA OFFICE, BUREAU OF APPRENTICESHIP AND TRAINING, STATE OF INDIANA

Mr. STEFFEL. Senator, thank you for the opportunity to testify today.

My name is Larry Steffel, president of the Association of Indiana Employment and Training Administrators.

The association represents the directors of the 14 CETA prime sponsors in the State of Indiana.

We worked very hard to develop a position that would represent all of us. Several times we almost gave up the effort. That struggle may be the basis for the most important point of my presentation. For in it, we came to respect our differences.

Each of us operates a unique program. Unique in its philosophy, its management style, its political realities, its labor market, the nature of its clients, the number and the quality of its CBO's, the availability of training deliverers, and its program mix. And we believe these differences indicate the need for any new legislation to acknowledge and support locally planned and operated programs; programs that are flexible and responsive to those local characteristics just mentioned, programs that are flexible in how they are funded, who they serve, and the kinds of programs they offer.

The program should have the objective of increasing the employability, marketability, productivity, of specific segments of our work force. They should, to whatever extent possible, increase overall employment and support local economic development efforts.

To carry out these programs, we must offer a comprehensive mix of services, including both human development techniques and employer incentive strategies.

The human development techniques include such things as individual assessment, competency based education, skill training, behavioral preparation for employment and productivity, and training in job search and retention skills.

The employer incentives can include such things as OJT subsidies, tax incentives, internships, grants, loans; in effect, anything reasonable to private employers to act as partners in this effort.

When it comes to deciding the groups that should be the focus of our efforts, we make two assumptions. First, the employment and training system cannot help solve the employment and training problems of all groups or all individuals with the limited resources available.

Second, we assume the national goal is people working in nonsubsidized employment.

Based on these assumptions, we believe that local programs should identify local target groups, justify decisions to the funding source, and focus their efforts on the individuals within these groups who had the greatest possibility of success in entering unsubsidized employment.

One of the groups that should be included are noneconomically disadvantaged, unemployed people. These individuals are often unemployed due to local labor market problems, such as plant closings. These individuals should be helped through programs in retraining, upgrading, and job searching techniques. Whether this group should be 1 percent or 25 percent of the clientele of a program is, again, a local planning decision (justified to the funding source).

In response to the question of the relationship of employment and training programs to income maintenance programs, employment and training programs should be clearly a wage or a stipend payment program and not an income maintenance program. Allowance payment should only be based on need, not a mandatory requirement of the legislation.

The relationship we support between the Fed, the State, and local government is one in which the Fed appropriates and allocates the needed E and T funds, sets national policy in light of the national economy, writes regulations that are clear, concise, consistent, and appropriately involved service providers, and continues its leadership in employment and training initiatives to overcome State and local conservatism.

The State should help define service delivery areas, coordinate economic development and employment and training efforts, provide technical assistance in training, monitor, and assess program performance.

The local government should design programs, plan programs, deliver programs, and coordinate delivery at the local level with other local agencies.

The private sector should also play an important part in delivery of these employment and training programs. It should verify labor market demand information, share information on current and potential job openings, share information on job entry requirements, assist in the development of job related training curriculum, and interview employment and training clients to provide feedback on their strengths and weaknesses.

In addressing the question of coordination, we believe that CETA is one of the programs that needs to be coordinated or to be fit in to the umbrella. It is not the umbrella agency.

The strengths of the different related agencies, education, vocational rehabilitation, employment service, et cetera, need to be more clearly identified and capitalized on. And then we need a theme or a goal around which we can be coordinated, and there should be clear incentives to coordinated services, either monetary or otherwise.

Next, a few loose ends. We should have uniform eligibility requirements, not the hodge-podge of requirements that we have now.

We should have local control even in the face of block grants to provide local needed services.

There should be a single title; not the many titles we've had to live with under CETA.

And a question: Is the role of the Federal regional offices in the block grant concept still there, or do the Federal regional office become irrelevant in the light of State block grants?

There should be more emphasis on program outcomes versus program processes.

There should, obviously, be more clarity in the legislation.

We should have an achievable, defined role, rather than expected to do so many things, and criticized for our failure to do it at all.

Finally, the employment and training system serves those who are not being served elsewhere; drop-outs, ex-offenders, displaced homemakers, veterans, refugees, workers displaced by plant closings, the poor, the illiterate, the migrant farm worker, the elder worker, and others. We have succeeded in helping them transition to the private sector for 8 years. Each year improving in an era of constantly changing national policies and directives. We must capitalize on those 8 years, and go forward with the best of what has been developed.

CETA has worked, and worked well.

Thank you again for the opportunity to make this presentation.

Senator **Quayle**. Thank you very much, Larry.

Joe.

Mr. **Daniel**. I would like to express my appreciation to Senator Quayle's subcommittee for the opportunity to speak today.

I have been involved in employment and training programs since 1966, the days of Neighborhood Youth Corps, and I feel a genuine concern about the direction of this field in the years ahead.

The CETA program reminds me of a person who needs eyeglasses, yet has no say of what the final prescription should be. Sometimes the doctor believes his patient is nearsighted. On other occasions, the lenses are corrected for farsightedness. The result has left the patient cross-eyed. So, too, is CETA.

In 1973, CETA was a job training program. In 1975, it rendered public service jobs. In 1978, it offered employment and training. In 1982, we are being stripped of our dollars and a clear focus. It is evident CETA needs a new vision.

Allow me to offer a new prescription. This country must, first of all, reaffirm its commitment, a preamble, if you will, to assist those that wish to work through training programs. Those opportunities must cover a wide spectrum. We must help the high school dropout attain his GED, as well as the person wishing to acquire labor skills from our universities and vocational institutions.

We must be prepared to offer our client such supportive services as counseling and job placement.

The national policy must, then, choose a system for delivering those services. That mechanism, I believe, should continue to be the CETA prime sponsor.

As we know it today, prime sponsors are usually consortiums, cities, counties, or balance of State programs. We have become a court of last resort for people who seek work but cannot for various reasons. They lack education and skills. They are offenders. They cannot speak and understand English. They are physically handicapped. They are veterans, Vietnam veterans. They are out of work and out of hope.

Yet, we have taken all these, and more, and placed them in hundreds of thousands of jobs since 1973.

While help to those groups mentioned must continue, targeting should not be part of the CETA reauthorization proposal. Local prime sponsors should be given the authority to decide who is most in need. Targeting is a political animal, conceived in Washington to appease those that roared the loudest. Targeting is not effective.

If, for example, the Department of Labor insists that our client population be 47-percent male white, 4-percent Hispanic, 3-percent handicapped, 5-percent displaced homemakers, 45-percent blacks, 3-percent veterans, 6-percent off-the-farm, and 10-percent from the city, we begin serving goals, not people.

As a block grant, discretionary funds administered by the State's Governors and the Secretary of Labor to aid target groups has probably worked well, but it is the only block grant funding system that I would support.

The trickle-down theory may be fine when it comes to economics, but inappropriate when it comes to sending Federal allocations from Washington to statehouses to local prime sponsors.

I subscribe to a simpler dispensing formula. The shortest distance between two points is a straight line.

If there is any pot of money that should be designated for a specific segment of our population, it would be for youth, currently allocated through title IV.

In addition, I favor changes in the CETA legislation which would encourage the use of private sector work sites for the summer youth program. That would allow me to establish 3-month, mini-OJT work sites, which would result in CETA and the employer sharing the cost of work. Such a change would stretch summer youth dollars and allow greater participation.

This in no way would exclude our traditional summer work sites with local governmental offices and not-for-profit agencies.

But there are even greater changes that could involve the private sector into the program. For 3 years, private industry councils, composed largely of business and industry leaders, have had access to title VII funds. The success of title VII, which I should point out is still considered a pilot program, has been uneven. I believe the root of the biggest problem has been in those situations when PIC's have become program operators. In these instances, businessmen grow frustrated and angry at prime sponsors over the adherence to Federal regulations.

PIC can best serve CETA in designing curriculum for training programs and compiling labor market information. Business men and women should also serve in an advisory role in prime sponsor planning councils, which, by the way, should combine the roles of the PIC, youth, and planning council, into one group.

A second consolidation would merge two funding titles, 2 (b), (c), and 7, into one unit. They essentially serve the same purpose, and the marriage would allow prime sponsors greater flexibility and program design.

New regulations must also be fluid to allow CETA to assist in local economic development efforts. The greatest hinderance has been our funding process. Prime sponsors must be allowed forward funding opportunities. In effect, we should be allowed to obligate fiscal year 1982 funds over a multiyear period, without the threat of losing that money at the conclusion of any fiscal year.

The current carryover method does not guarantee that process.

If this subcommittee does nothing else, it must, once and for all, dismiss CETA as a social service agency. People need jobs, not a handout.

This country needs to polish its image as an industrial giant. CETA can be a key partner if it is used for job training and economic development. This must be CETA's new vision. Let us not be shortsighted in our planning.

The recommendations that I mentioned represent a summary of my thoughts on CETA reauthorization legislation.

I'm also submitting further written information with this report.

I thank you for listening, and your time.

[The following was received for the record:]

WRITTEN TESTIMONY ON EMPLOYMENT AND TRAINING ISSUES SUBMITTED BY JOSEPH H. DANIEL, DIRECTOR, FORT WAYNE AREA CONSORTIUM, FORT WAYNE, IND.

1. Objectives of Employment and Training

The original goal of the CETA of 1973 was to coordinate the efforts of the various categorical employment and training programs under one localized "umbrella". This was done in order to minimize duplication of effort and to avoid competition among service deliverers. This objective has generally been met. However, certain programs added on by Congress, such as PSE and PSIP, have different goals and tend to confuse the program's overall purpose in the public eye. Furthermore, programs excepted from the unbrella or subsequently created under other agencies, such as WIN, create the image of a superfluous number of programs dealing with the same problems.

In this light, CETA can be regarded as the "safety net" for those who fall between the cracks left by the boundaries of the other agencies' lines of authority. Institutions such as the schools, welfare, the employment service, and private sector employers do not attempt to serve everyone. Expansion of CETA to include PSE and PSIP has had the effect of increasing the numbers of those "falling between the cracks" so that the net has become strained. The recent elimination of PSE has drastically reduced the numbers of paid municipal employees, but has not reduced the numbers of those eligible for CETA services.

Given the history and present state of circumstances in CETA two general changes should be made in policy. First, eligibility for the program ought to be simplified and restriced. CETA was originally organized for training and employing the long-term, (also knows as "hard-core", and "structurally") unemployed. In addition, narrowing the eligible group will tend to reduce de facto referrals to CETA from other agencies. The goal of this restriction of the client population should be to form a manageable group. Simplification of the criteria for eligiblity will expedite delivery of services and ensure that all programs are available to all eligible clients. Determining eligibility by title categorizes the program and makes it administratively cumbersome to offer all needed services. In addition, it has never been clear on the prime sponsor level what the diferences in client population per title are. As a result, cumbersome inter-title transfers become numerous. Finally, funding cutbacks dictate eligibility simplification as a prerequisite to maintenance of the percentage of funds spent on training and services, rather than administrative costs.

Second, programmatic goals, upon which management decisions are based, should be narrowly defined. This will reduce the unwanted side-effects that occur when managements acts to meet one of many national standards. It will enhance program responsiveness and will not affect fiscal accountibility.

CETA needs a clear-cut national identification, and simplified ways of achieving it.

2. Methodology

The National Policy must supply each local unit with the autonomy to select several enticements to court private sector involvement. The enticements must come in the form of financial assistance to the employer. The policy must allow for the flexability within the structure so each community can give the private sector what it has identified as its needs, both in terms of financial incentives and personnel. The focus of these incentives must be directed at the smaller and middle sized businesses because that is realistically the market area for employment and training participants.

Training aimed at the needs of small business, must continue to be designed at the Prime Sponsor level. Such training programs are more responsive to local employment demands. Training programs designed to be responsive to changing employment demands will gain industry support inevitably building credibility for CETA. While programs must be responsive, they must also build real training credentials for participants. Participants should be taught skills that not only meet the demands of local business, but can be readily transferred if local needs shift dramatically. Participants must acquire skills which can be transferred geographically, should companies move, and also can be moved from one industry to another. For instance, small engine repair training programs must encompass the range of small engines, including lawn mowers, motorcycles, and snowmobiles. This broadens a participant's employment potential and expands one's qualifications by including more general knowledge and skills.

Industries that assist in establishing training curriculums can rightfully expect to receive participants proficient in skills relating to their particular industry. These same industries should also realize that training cannot be so specialized to limit a participants employability. Industries that participate should subscribe to goals that are both long and short range. In the short range, participants receive training immediately applicable to local needs and in the longer range the participant acquires skills and knowledge that can be transferred. When both CETA and industry share similar goals, CETA's credibility with the business community will expand.

One avenue to generating industry incentives to hire and train additional persons is active CETA participation in economic development. Active participation will draw industry to CETA to gather first hand knowledge of current economic development trends and activities. In the development of economic development grants, the localities must become an active third party to agreements along with the government and the contracting business. As a third party to these agreements mandating the hiring of CETA clients in economic developments, CETA will be able to enforce the hiring of its clients and the design of training curriculums to the specifications of the private sector. The more active CETA becomes in economic development, the more the private sector will come to CETA for aid, not only for economic development needs but for well trained personnel.

In order for Prime Sponsors to become a viable third party to economic development grants, they should have control of the funds. If the Prime Sponsor becomes the agent of federal economic development funds, they will have the ability to monitor and enforce employment provisions in the grants. Enforcement of these contracts on the local level will work because of the proximity of the Prime Sponsor to the situation and its desire to place its clients in construction jobs and jobs resulting from construction.

On-the-job training must be reordered to meet the demands of the private sector. The hire first basis, under the current structure, reinforces the private sectors reluctance to deal with "government programs". As has been suggested by other witnesses, a short term trial OJT program will allow CETA, the participant and the employer to judge the potential of a successful outcome. During this time CETA will be given the opportunity to closely monitor and provide counseling. The public image of a success oriented CETA will evolve.

To aid CETA in becoming more responsive to the needs of the private sector, any national policy must include a labor market system through which information for national and local direction may be gleaned. This system must create data bases integral to CETA operations rather than demanding localities rely on information which is gathered by other agencies for their own purposes. The quality of the CETA system will soon begin to reflect the quality of the LMI system through the creation of successful training programs. A quality LMI system will act as a market analysis tool for all program operators attempting to satisfy the consumers of CETA products. CETA should primarily train for those occupations needed locally so trained participants will find local employment, regain their self-respect and assume new productive positions in their community.

3. Target Population

Presently, CETA Prime Sponsors select the clientele to be served by default. An individual is eligible for various services and titles under the Act by virtue of family income, length of unemployment or imminent unemployment and age. Once this eligibility has been determined, selections are made based on certain demographic characteristics such as race, sex, national origin, handicaps, and veterans status. Prime sponsors then attempt to enroll these targeted groups in specialized programs in order to meet federal goals and requirements. Often these programs do not meet the expressed need of the individual to be served. In addition, it is required that "special consideration" be given to serving persons who fall into special interest groups, by placing them into specialized programs operated by those interest groups. In an effort to serve their own constituencies, these groups carry out strong lobbying efforts with little regard for the individualized needs of their members.

All of these nationally determined and enforced goals and multitudinal preferences hinder effective local program management. Individual needs are not met and efficient service delivery becomes difficult.

In light of budget cuts and service availability restrictions, we ask that local management be afforded the opportunity to make selections for service based on whether or not we have the ability to effectively serve an individual client.

To illustrate, two individuals, Client X and Client Y, present themselves for services. Client X is 30 years old, an ex-felon, and unemployed with a work history of approximately three months at menial jobs. This client is also a school dropout whose educational equivalence is at the 4th grade level and who has five dependents to whom the client is technically responsible. In order to prepare Client X for unsubsidized employment, it would be necessary to provide an ex-offender program, G.E.D. training, and job-seeking and job retraining skills classes. In addition, the client must be provided with a work history, and skills training. This could take five years and cost approximately $75,000. Client Y, on the other hand, is unemployed, 19 years old, has no family responsibilities, possesses a high school diploma and some work history and can be placed in employment with only some skills training. This program would take two years and cost approximately $10,000, including payment of allowances.

We could serve seven and one-half Client Y's for each Client X we attempt to serve. Yet currently we cannot effectively screen the Client X's out, because of nationally dictated and contradictory goals and preferences.

I would ask Congress to consider, in its CETA reauthorization deliberations, to allow us to simplify and focus our client selection procedures. Let us have only one eligibility criterion: unemployment which has occured through no fault of the client themselves.

Allow us to estimate the cost of procuring employment for each individual, and decide whether it can be done efficiently with our limited fiscal resources. Give us the opportunity to screen out those individuals whose needs could best be met by other agencies, and those whose cost per placement and likelihood of success are beyond our budgetary limitations.

Through the present system of special interest groups and preferences, we serve by default those who have little chance for success. Allow us to serve those who can be effectively served given our resources. Allow us to make this decision locally.

4. Income Maintenance

Prime sponsors must be allowed flexibility on this issue. Currently, allowances are automatically paid to training participants, and can only be waived by the Regional Administrator. It is important to note that the Regional Administrators are asked to act more often on this issue than any other. The granting of an allowance to a participant enrolled in a training program may, in some cases, be the only source of income. An allowance may also be helpful to persons involved in a multi-week training course where enrollment in the class is a financial sacrifice.

But, there are situations where an allowance payment encourages a person to remain on the CETA dole.

CETA, then, becomes safe and addictive. Why leave CETA when it can maintain a standard of living, humble as it may be?

When prime sponsors are mandated to provide an allowance, the cost of training increases, thereby preventing more persons from entering the program.

Therefore, prime sponsors must be allowed to decide which individuals should receive an allowance. At no time should a CETA participant's total income exceed 70% of the lower living income standard. This regulation will make training a sacrifice, but still meet a person's short-term needs.

5. Funding

In considering the question of funding CETA programs, it is found that to best benefit the system, funding must be direct and forward. Direct funding to the prime sponsor will create two positive situations. First, it will be more cost effective to reduce the number of hands the funds pass through. This reduction will allow the funds to come to the prime sponsor in a more expedient manner. Direct funding will give each prime sponsor the autonomy it needs to become responsive to local needs. However, prime sponsors will continue to adhere to fiscal, operational and management standards established by the Department of Labor; prime sponsors will continue to face periodic reviews, annual assessments, and audits.

Forward funding is the second requirement. Forward funding will allow prime sponsors to obligate money beyond the operating fiscal year. If CETA is to continue as a viable safety net forward funding is mandatory. Forward funding will allow the prime sponsor to effectively plan term programs, since everything can't be accomplished in one year.

As a safety net, CETA must be cognizant of the needs of the individual client. When a counselor develops an Employability Development Plan, he/she are setting forth long and short term goals for the client. The long term goals are not bound by the fiscal year, they are only limited by regulatory time limitation of the program. Without the ability of the prime sponsor to obligate money beyond fiscal limitation, the success of the client in the completion of the Employability Development Plan goals will be doubtful. Failure of the client to attain yet another goal, will further deteriorate the client's self-concept and place another barrier to employment.

6. Private Sector Involvement

If CETA is to be looked upon as the producer of needed human resources, it must look to the consumers of our product for direction. The ultimate consumer of CETA products must be the private sector employer. The private sector employer must now become a much larger consumer than before. As any manufacturer does market research analysis, so must CETA. As any research and development lab must be cognizant of consumer specifications of the product being developed, so must CETA. Yet, since manufacturers also have the responsibility of fabricating the product, so must CETA retain control of its own operations in building a product to meet consumer needs and specifications in its market area.

Through an in-depth study of the local labor market and with input from the private sector, a comprehensive local program can be designed to fit the local need. The quality of the program will only be as good as the information provided by the private sector. Therefore, the leaders of industry must exert force on their peers to provide meaningful information to the professionals in the employment and training field.

One source of such information would be the private sector's career development. These are the people large industry employs to operate in-house training programs. These people can provide meaningful curriculum design for CETA operated skills-training programs. With this information we will know that the skills our programs impart are those skills required by industry. This information will allow CETA to become the skills training for small business, which is unable to develop or operate this type of in-house training program.

Small business usually requires employees who possess multi-purpose skills, yet their training costs per employee are high since a smaller number of people are training at one time. These training costs continue to be used as employeeds are re-trained to perform more specific tasks as they are required. Small business growth should not be limited just because trianing costs are high. Small business has traditionally provided fertile ground for imaginative product innovation. This ability to be innovative coupled with the ability to make product changes rapidly also allow small business to expand employment opportunities rapidly.

The capacity of private sector individuals who volunteer their time to advise CETA is limited. The very individuals who are attracted to this public spirited involvement are most often those individuals that quite rightly devote the majority of their time to their private businesses. Yet, program operation in this area cannot be effectively performed by part-time volunteers. Program integration of PSIP with the other CETA titles requires even greater staff and advisory council effort. Though the continued input of private sector volunteers is valuable and essential to program development, these volunteers individually possess specifically defined employment and training ideas geared to their particular industry. The employment and training professionals, however, must possess the goals of both the private sector and the program participants. The training professionals, with input from private industry must strike a balance where programs provide for the needs of industry and the needs of participants. In order to efficiently maintain private sector input and integrate PSIP with other CETA activities, private sector participation should be limited to an advisory status.

The numbers of advisory groups consulting with CETA have done much to bolster the image of a disjointed program. All too often, advisory councils have espoused parochial views to the detriment of the long-range needs of program participants. Such views are understandable in light of the present business climate, but training programs must look beyond. CETA should be able to provide, like small business, innovative, imaginative programs able to change rapidly as conditions warrant.

The concurrence power of the PIC on PSIP programs is vaguely defined and has been interpreted as a veto power. I am, therefore, advising the use of the single advisory council. This council would involve groups currently participating in any other advisory conclave. The single advisory council will advise on all phases of CETA programs. A movemant to the single council will reduce staff hours spent in support of council activities.

For example, if PIC does not agree to a particular program activity or administrative arrangement, and expresses this disagreement by refusing to sign the concurrence it is unclear whether programs will end or continue. Furthermore, questions concerning the independance of PIC's have emerged nationwide. They are generated by an uncertainty whether a PIC can operate on its own. In addition, a high level of expertise is required to properly integrate Title VII with other CETA titles, which level is difficult to attain by part-time volunteer, advisory groups. Consequently, advisory council coordination has placed a strain on prime sponsor staff and chief elected officials.

7. Youth Programs

If there is to be a separate youth program in the new CETA legislation, the current age limit - now 14-21 - should be changed to reflect a ceiling of 19 years of age. High school graduates seeking assistance from CETA could be enrolled under Title IIB-C, but not under the youth provision.

If there has been a failure in assisting youth, the fault must be placed at those who designed Title IV. Their expectations exceeded their programs. Youth programs must be designed to solve short-term problems, from the youngster thinking of dropping out to the youth looking for a summer job to put cash in his/her pocket.

Older youth (20-21) do not need a quick solution to improving their employment status. They do not belong in a "work experience" opportunity which guarantees them 1000 hours of work - good for approximately six months - but promising nothing for the future. If they are dropouts, they must obtain a G.E.D.; if they are simply without work, a training program should be their target.

As for in-school youth, CETA programs should center around career exploration and the importance of education. These activities should especially focus on potential dropouts. Allowances currently paid for these activities should be discontinued.

The Summer Youth Program should be limited to youth 14-19 years of age. Current Department of Labor demands concerning SYEP should be relaxed, especially if we recognize the program for what it is. Individual, in-depth counseling is unnecessary and costly. Summer youth can experience career awareness and exploration through group activities such as "Job Fairs". At the same time, Prime Sponsors should be held accountable through regular fiscal and MIS procedures.

I would also favor use of private sector worksites during the summer, which currently are not encouraged. Wages for participants could be shared between the business and CETA. This would free more Prime Sponsor dollars to place more people on the summer program. Also, there is no reason to limit work experience to the public sector, particularly since most youth will eventually be employed in the private sector.

Conclusion

I would like to conclude by expressing my appreciation to Senator Quayle's subcommittee for the opportunity to meet with them and present orally a summarized version of this written report.

In that oral presentation, I will attempt to offer a new prescription for reauthorization of the CETA program. The highlights of my speech will recommend to you:

1) A new national policy that will include a committment to serving a well defined segment of the nation's unemployed and underemployed.
2) A new approach to targeting.
3) An emphasis on local (Prime Sponsor level) autonomy in the CETA delivery system with minimum pass throughs of funds to the Prime Sponsor. (Block grants to states being restricted to discretionary funding for programs to serve target groups with specialized needs).
4) A recommendation to fund youth programs under a separate title but with drastic changes from present program requirements.
5) A strong emphasis on economic development activities.
6) A single planning (advisory) council with the majority of the membership coming from the private sector.
7) A system of forward funding that will allow prime sponsors to obligate money beyond the operating fiscal year.

Senator **QUAYLE**. Thank you very much for your testimony, and I have enjoyed working with you, and I also thank you for the written information that you have furnished us.

And our last witness for today is Mr. Heninger.

Mr. **HENINGER**. Thank you, Senator Quayle.

I, too, likewise, appreciate the opportunity to appear before your committee and discuss employment and productivity.

The current administration, in both their budget and tax battles with Congress, have emphasized the need for increased worker productivity. The administration proposes to do this by modernizing our American industries through tax incentives at the corporate level, and reducing individual income tax, thus generating investment capital.

The administration has likewise substantially increased military expenditures, calling for increased productivity of the labor force if both military hardware and consumer good needs are to be met without causing continued double-digit inflation.

Furthermore, if the administration's economic program is successful in reducing inflation and interest rates, the building construction industry, which is in a depressed state, will take on renewed life and will require additional trained manpower.

All in all, the sum total of the demands required of the labor force, as I have related, are probably unparalleled in this country, with the exception of the period of the late 1940's and 1950's, following World War II, the period in which I came to work for the bureau of apprenticeship and training.

Stimulated by unparalleled consumer demands and the GI bill, tens of thousands of World War II veterans were trained in business and industry, or furthered their career goals by enrolling in colleges and universities.

My role as a bureau representative was to promote or stimulate interest in apprenticeship in business and industry, both management and labor. It was, likewise, my responsibility to assist the employer in the structuring of the training program, so that the goals of a well-qualified skilled tradesman were realized.

The ensuing programs were monitored by me, and any technical assistance indicated was provided.

These same services are provided by the bureau of apprenticeship and training staff today; however, over these past 35 years numerous businesses and industries not heretofore involved, have embraced the apprenticeship concept in training for their skilled manpower needs.

In the studies conducted by former Secretary of Labor, Ray Marshall, and others, the quality of training of apprenticeship programs was shown to be superior to others.

Therefore, if the system provides persons who are more productive and more adaptable, the apprenticeship system should continue to be broadened and expanded.

Such will not be the case if the current budget being proposed for the Bureau of Apprenticeship and Training is adopted.

It is my understanding that the proposed budget for the Bureau of Apprenticeship and Training for fiscal year 1982 is $13,236,000, which provides for a staff of 340 positions. This is a reduction of

$1,859,000, and 119 positions from the fiscal year 1981 expenditures.

This is hardly an optimistic trend for the principal Federal agency, who for the full past 43 years, has been charged with the responsibility of a broadening and honing the skills of our Nation's work force.

The current labor force, those employed, unemployed, and otherwise available, may be adequate in numbers, but will require extensive training and retraining if worker productivity is to be realized. The training magnitude suggested will require that training resources of numerous organizations be utilized, also our educational and technical institutions and, surely, government, at the State, local, Federal, and community levels.

In recent years, the emphasis at the Federal level on training has been on the Comprehensive Employment and Training Act [CETA]. Under the various titles of the act, unemployed and underemployed persons have been provided the wherewithal to prepare for entering the labor force through locally managed prime sponsors. Results have been disheartening since most of the emphasis was centered on employment in the public sector, so much so, that Congress, in its wisdom, has drastically curtailed moneys for title III of CETA.

Instead, CETA emphasis has been on title VII of the act, which establishes Private Industry Councils [PIC], involving local business and industry representatives. Here also, the results of the PIC efforts have been disheartening, since the need for an expanded labor force has not materialized.

Also, the failure to recognize that training and retraining of current employees is traditionally done by industry in the mill and factory. Employers, in the main, are reluctant to invest large sums of training expenditures in new employees until that new employee has demonstrated that he or she possesses the necessary discipline and skill potential of a good employee.

In general, CETA employees will enter the labor force at entry level jobs, those requiring little skill or knowledge.

The on-the-job training provided current employees by business and industry dwarfs all other forms of training provided by outside training resources. It is for this reason that business and industry must be encouraged and stimulated by government to improve their training programs to further worker productivity.

Apprenticeship is on-the-job training; however, not all on-the-job training is apprenticeship.

The apprentice is in a structured training program where the skills to be learned and the performance levels to be attained are predetermined. The apprentice is a productive worker. His productivity is salable. His wages are commensurate with his ability to produce. The wages paid the apprentices are taxable.

I have purposely not included statistical data in my remarks as to the growth of apprenticeship. I would provide this information upon request.

Instead, I would like to emphasize that the Bureau of Apprenticeship and Training is a service to business and industry, and has the support of both management and labor.

The skills represented by skilled craftsmen in the apprenticeable occupations in this country are critical to any plan for modernization of American industry.

The skills represented by skilled craftsmen in apprenticeable occupations are critical to strenghening our national defense.

The services of a full compliment of Bureau of Apprenticeship and Training staff is crucial. The Bureau of Apprenticeship and Training is a small organization in the Department of Labor and the Employment and Training Administration [ETA]. Prior to the establishment of ETA, BAT appeared before Congress in support of their own budget. Under ETA, BAT has lost its identity in the budget.

I would urge your committee to, again, require a line item as to resources earmarked for BAT in the ETA budget.

Because of its size in both staff and budget, the Bureau of Apprenticeship and Training is frequently relegated to a minor role in ETA policy and program. As a case in point, when fiscal year 1981 budget cuts were proposed, half of the reduced positions were targeted for the Bureau of Apprenticeship and Training, notwithstanding the fact that the program dollars being cut for Public Service Employment had no impact whatsoever on the Bureau of Apprenticeship and Training program.

I am here at the invitation of Congressman John Hiler. He and management representative in his district serviced by the Bureau of Apprenticeship and Training, South Bend Office, have become alarmed when the South Bend Bureau Office was targeted for closing, despite a workload of 200 apprenticeship accounts and 1,200 apprentices. No explanation has been obtained or provided as to why an office with this kind of workload would be closed, or how these accounts would be serviced if the office was closed.

I would be glad to answer any question, and I would hope that you will ask the same question you have asked the other panelist on what we feel is the appropriate role of Federal Government with regards to apprenticeship.

Senator QUAYLE. Please, go ahead. [Laughter.]

Mr. HENINGER. Well, in the 43-year history of the Bureau, the role of the Bureau has always been to promote and stimulate an adequate volume of skilled trade training in the apprenticeable occupations to meet the needs of the Nation. We were to assist the employer, both management and labor, in developing and structuring those training programs so that they would meet the employer's need. We provided technical assistance to those program sponsors. We work with other community groups, and there are many, that would have an impact on apprenticeship. That would be your educational institutions, the employment service, certainly CETA, PIC, training associations, and various other people that have an impact on employment, education, and training in the community.

The Bureau has had a long history of involvement. I can recall way back in the late 1950's, during the ERA days, where communities were provided financial and training assistance. We were developing OJT programs for employers. Certainly, under the Manpower Development Training Act, the Bureau had the responsibility for OJT up until it was transferred in late 1968 to the Bureau of Work Training programs. It was later discontinued, and that function was taken over from us when categorical programs were discontinued by prime sponsors of the local areas.

So, the Bureau has had a long history. Ours has been one of encouraging management, labor, and the community to get together and determine what the training needs were and see who has what to offer toward those training needs.

I do feel very strongly, with the reduction that they're proposing for the Bureau staff, it could have a very adverse effect. It's one thing to modernize the plant, put in new equipment, et cetera, but if we don't have the skills to do that work, then I think that the economy will suffer.

Senator **Quayle**. What kind of an effect on the enrollment in the apprentice programs will we have by the staff reduction?

Mr. **Heninger**. It will have a very definite adverse effect.

The experience that we have had is when the Bureau of Apprenticeship and Training representative—and this is especially true among small employers—when the contacts become infrequent or not at all, when you do go back, when a representative does go back at some subsequent date, he generally finds the program inactive. You need, especially among small employers, where the man might be functioning as his own personnel director, training director, and chief cook and bottlewasher, doing anything and everything, he doesn't have the time to concern himself with the details of the training program unless the Bureau representative is in there discussing it.

We had an experience back in the mid-1950's, when the Bricklayers' International Union instituted a national registration procedure. In the State of Indiana, at that time, we had 33 active joint apprenticeship committees training brick masons in the State. They competed annually over at the State fair in an apprentice contest. When the International initiated a national registration of apprentice procedure, most of these committees became inactive. There probably wasn't over five or six committees in the State that remained intact and functioning as a committee structure.

So, our experience has been bad, where there isn't Bureau persons available to service the account. The Bureau representative, of course, serves as a catalyst for many of these other programs. A typical Bureau rep will be involved with the area planning committee as far as vocational education is concerned. And when I was State director, I was on the Governor's youth council. I was on the Balance of State CETA Planning Committee. I was involved in reviewing the State plan for career education. We were involved with the Commerce Department, and others, encouraging employers to attend seminars with regards to jobs tax credit, and et cetera.

So, when you close a Bureau office—it's not just the apprenticeship program that's effected but it's their involvement in many community activities.

Senator **Quayle**. Let me direct the next questions to our prime sponsor panelist.

Both, Joe, you and Larry, I believe, indicated that the actual delivery system should, basically, be maintained as far as the relationship with Federal, State, and local.

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Do you see additional responsibilities falling at the State level, and, if so, what?

Go ahead, Joe.

Mr. DANIEL. As an administrator of a CETA program, quite frankly, I have no problem, you know, with whether the funds pass through the State to the local prime sponsor, or whether they come directly to us.

As a taxpayer, I see something lost, you know, in having it pass through the State. Now, in terms of responsibility of State, I do see the State playing a, as I mentioned in my report here, I do see them playing a major role in serving a number of targeted groups that the prime sponsor, quite frankly, cannot deal with maybe due to lack of numbers, and it's very difficult to meet those goals.

Now, like, for example, in the State of Indiana, I think that traditionally the State has served the migrant farm population; that is funded, primarily, through discretionary funds. I see that as the block grant approach. And I could imagine we could identify a number of other targeted groups that could be served the same way, possibly the handicapped, and I'm certain that we can come up with some others. And I can see the State playing a major role in that area.

I cannot see the prime sponsor, though, being the answer to everyone's problem, under a CETA program.

Senator QUAYLE. Larry, do you have anything to add to that?

Mr. STEFFEL. Well, I think, as an association, we have struggled with what kind of a supportive could the State possibly play, and at different times we have approached the State to act as a statewide independent monitoring unit for all the primes within the State, get that out of each local prime sponsor's jurisdiction, or act as a statewide MIS system that would collect the data about the clients and about expenditures, and process the reporting back to Washington for us.

We have also asked for, or discussed ideas, for a statewide service, I think one of the earlier presenters talked about 7001, or youth works, or some of those kinds of programs. There may be a way to coordinate and fund programs statewide to serve kids by a better relationship with the individual prime sponsors in the State. And, certainly, you have got a model for it in Indiana with the occupational development centers, which are, in some ways, are miniprime sponsors funded in the balance of State counties.

Senator QUAYLE. How about employment services? Should that be a State responsibility or a local responsibility?

Go ahead.

Mr. DANIEL. I have just one comment on that. I don't have real strong feelings in this area. I think, though, that the local offices need maybe a little more autonomy than they presently have in terms of working with the local prime sponsor, so they can better adjust to the goals and objectives of the prime sponsor that—rather than constantly having to clear this relationship through the State.

Mr. STEFFEL. I think employment services—and I can only speak to my own local experience. Employment service and voc rehab are two examples that somewhat scare me in terms of a block grant and a statewide system, and that's because I find trying to work with those agencies at the local level that, because of the bureaucracy of the State structure, seems to exhibit very little creativity or autonomy to work with me and design unique programs at the local level.

Senator QUAYLE. Let me ask this: If we devise a system for the training programs, do you think the system should be basically the same for employment services too, or should they be separate systems as we now have? We've pretty well identified training ought to be a local responsibility, yet, the basic responsibility for the employment service resides with the State. Those two are very, very compatible.

Do you think they ought to be put together as far as the origins of responsibility? Would that make any sense?

Mr. DANIEL. I'm not real certain that I understand the question. Are you talking about the local CETA system merging with the local employment office?

Senator QUAYLE. Basically, to make the system the same. The merging would be a separate question. We seem to have separate lines of authority set up now for the training aspect and the employment services aspect. If we devise one system that's good and effective, should the other system be essentially the same? Then the next question would be whether there should be any kind of a merger.

Right now, you have got two separate systems. In one you go to the State to get direction, and in CETA you're still going to Washington. You get conflicts on who, in effect, is telling the locals what to do, and that's why you have a large degree of cynics out there saying, "Well, none of this is any good."

Mr. DANIEL. Well, there's obviously a duplication of effort on the employment aspects of it. After a person completes a CETA training program, the prime sponsor makes every attempt possible to get that person a job. And that, essentially, is what the employment service is doing with all of the applicants that come to their office, and there is a duplication there.

That aspect of it could probably be brought closer together. I'm not certain that the—the employment service has had a recent experience administering some training programs. Back in the days of the categorical programs, prior to the formation of CETA, the employment service had limited experience in administering training programs—and, of course, this, what you're suggesting is returning that to the employment service or merging the two.

Senator QUAYLE. Well, I've brought up the question throughout the day, not only employment services, but the training services and voc ed, that there's a lot of similarity between those three separate programs, three separate systems, often overlapping even sometimes in jurisdiction, but, certainly, in goals that they want to achieve. The goals are essentially the same.

Mr. DANIEL. I have to agree with you, but I think the thing that we cannot overlook is that CETA still serves an element of our population that, somehow or another, escapes all of these other institutions that you've identified. There's a certain portion of our population that, somehow or another, cannot be adequately served by the local employment service as it is presently structured, or by State vocational education, or, for that matter of fact, even, as was mentioned by some of these presenters earlier, even by the private sector.

And the question is: Do we want to serve that portion of our population? I think CETA has been the prime agency that has reached out and served that particular group. What made it complicated for CETA is that they have had to serve everyone else where there's an overlap.

Senator **Quayle**. If you go back and read the discussion on the inception of CETA, you'll find that it was directed toward that small segment of society that was identified as the structurally unemployed. And since that inception, as so often is the case, it has expanded, and not necessarily for unjustifiable reasons—for very meritorious and humanitarian reasons.

But the problem is, as we find ourselves today, as we try to examine efficiency in government and the conservation of the taxpayers' dollars, and prudent expenditures of those public moneys, is that we do have these compatible goals being serviced by different systems and different agencies. And there has got to be room for consolidation and reorganization, but, I certainly wouldn't want to neglect the basic thrust of CETA. And that's the reason those advocates say, "Well, just do away with the program completely", and in my opinion, they're wrong, because there is a legitimate function here. There's a legitimate Federal concern, because there is a potential for serving this segment of society that definitely needs to be served.

Let me ask one final question and then we will adjourn for the day and take up tomorrow.

What do you think are the appropriate measures for determining whether these training programs are successful or not? How do we make that value judgment on whether it is successful or not? Is it job placement, job satisfaction? Are we going to look beyond that and see what we're offering our clients? How do we determine what is successful and what's not?

Do you want to take a shot at that? Who wants to go first? Larry? Joe?

Go ahead.

Mr. **Daniel**. First of all, I would like to—I was glad to hear the last comment you made prior to this question about not overlooking that certain part of our population that you referred to.

Senator **Quayle**. It won't be overlooked. I can assure any apprehensive people that they will not be overlooked.

Mr. **Daniel**. In regard to the measuring the success of a training program, I'm not really certain that I can give you the answer that you want. I mean, naturally, we get judged on our placements that we've made, and, then, supposedly, we are judged on the followup after that. Is it a permanent placement? Is it a lasting placement?

But I think that through the years and through the burden of administering these programs, that's probably been an area of the greatest failure, in administering these programs, is when we get to that part, is that followup at the very end in measuring that success. The funds simply are not there any longer, you know, with the size budgets that we work with, to come up with that measurement of success.

Now, maybe if Larry has a more direct answer concerning that, he can speak to that.

Senator QUAYLE. Do you want to add to that?

Mr. STEFFEL. Well, I guess I fall back on the position that we're dealing with individuals, and a successful completion of a training program is, for me, a measure of success.

Most of my staff is not in the type of job they were trained for in college. Many of our CETA clients in Hammond are currently in a 1-year, or 2-year, associate degree program in the colleges, are getting the whole life experience out of that training. And how can you measure the success of that?

I think that if a person sticks it out and completes any training they're more trainable by an employer, thus employable. For example, when I started a master's degree in counseling, the whole community college system was looking for counselors. By the time I finished, they were laying off, and the funds had dried up, and there was no job in that area. And here I am in employment and training.

So, can we measure an outcome by placement, or by placement in a training-related job? I don't think so.

Senator QUAYLE. Well, gentlemen, thank you very much.

And this concludes the first day of hearings. We will begin tomorrow at the hour of 10:30, and we will conclude by the middle of the afternoon tomorrow.

Until then, we will stand in recess.

[Whereupon, the subcommittee was adjourned at 1:45 p.m.]

EMPLOYMENT AND TRAINING PROGRAMS IN THE UNITED STATES, 1981

WEDNESDAY, AUGUST 26, 1981

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Indianapolis, Ind.

The subcommittee met, pursuant to adjournment, in the second floor courtroom, U.S. District Courthouse and Old Federal Building, 46 East Ohio Street, Indianapolis, Ind., commencing at 10:30 a.m., Senator Dan Quayle (chairman of the subcommittee) presiding.

Senator QUAYLE. The hearings will come to order.

Let me just make an announcement at the outset for the convenience of all.

I hope to get through the first three panels by approximately 12 o'clock. I must then recess the hearings until 1:30, and we will take the other two panels. If we have to take three in the afternoon, we will take three.

We had complaints yesterday that the people in the back could not hear. For those that are speaking, there is a microphone there, and I hope that you will take it closely to you, and speak so that we can all hear.

This is the second day of field hearings on employment and training issues. We have had a number of hearings in Washington. We are beginning these field hearings around the country, and, of course, it's a great pleasure for me to open the hearings in my home State, here in Indianapolis.

So, with that, we will begin with the first panel.

From the Illinois CETA Directors Association, Cliff Van Dyke; the Minnesota Prime Sponsor Association, William C. Brumfield; the city of Chicago, Reginald Brown; Rural Minnesota Concentrated Employment Program, Larry Buboltz; and Ohio CETA Directors Association, Gregory Wince.

Will those people please come forward?

The statements in total will be submitted to the record, and I hope that the panelists would try to summarize the statement in 5 minutes, so we can have as much time as possible for the questions and answers.

The prepared statements are very important, but so are the questions and answers, and we have a lot of witnesses today. We will have a gentleman give you a little piece of paper after 5 minutes has expired to tell you your time has expired. So, once you get that signal, please summarize in 15 seconds, or less, so we can go on to the next panel member.

First, let's go right in order; Mr. Van Dyke.

STATEMENT OF CLIFF VAN DYKE, REPRESENTATIVE OF ILLINOIS CETA DIRECTORS ASSOCIATION, AND DIRECTOR, LAKE COUNTY CETA PROGRAM, ACCOMPANIED BY SAMUEL BERNSTEIN, CONSULTANT, DON KANE ASSOCIATES

Mr. **Van Dyke**. Thank you, Mr. Chairman.

My name is Cliff Van Dyke. I'm the director of the Lake County, Ill., CETA program, CETA prime sponsor serving the northernmost county in Illinois, bordering on Lake Michigan.

I'm grateful today for the opportunity to present the views of my peers in the Illinois CETA Directors Association, as part of your efforts to renew the employment and training system.

To my right, I have the dean of the Illinois CETA Directors, Mr. Samuel Bernstein, with us. Mr. Bernstein was formerly with the mayor's office of employment and training in Chicago, and is currently a consultant with Don Kane Associates.

My testimony, today, represents the consensus of the Illinois CETA Directors in response to the issues identified by this subcommittee.

In our written testimony, we have some further comments on the role of the Job Service, the Wagner-Peyser Act, the role of vocational education, and the role of community colleges, regarding their work and their efforts to work effectively with employment and training programs as the established labor market intervention mechanism between those people with severe barriers to employment and employers willing to hire them.

We feel that our purpose is to provide a safety net for people who, through no fault of their own, face severe barriers to employment, and cannot enter the competitive labor market.

Reduction in employment is the primary objective of full employment policy. Therefore, we would ask the Congress to recognize the need for consistent and stablized employment and training policy, rather than replaceable programs.

We ask you to look at the Comprehensive Employment and Training Act as one piece of a pie. The Full Employment and Balanced Growth Act provides for economic policy dimensions that allow this society to approximate full employment.

The unemployment insurance system provides for a safety net for those who are idle, through no fault of their own, as a result of layoff.

The Job Service provides for the labor exchange function.

Economic development programs provide at the State, National, and local levels, for the development of an environment where industry and commerce can flourish.

Vocational education system provides for training for our newest members of the labor force.

And in this service continuum, CETA provides for services to the structurally unemployed, to those people who have been at the bottom of the barrel, receiving the fewest number of benefits from all these other activities.

Welfare transfer payments complete this continuum as the safety net providing for the poor.

Employment and training programing is a means to accomplish several ends, using a variety of training tools in the process.

Any future legislation should not preclude the use of any particular tool. Wild swings in policy and funding weaken our ability as practitioners to respond effectively.

The emphasis of one strategy at the expense of another; for example, public service employment versus private sector initiatives prevents the development of effective local mechanisms for serving the target population year to year.

Should particular groups in the labor force be the concern of employment and training policy?

The CETA Directors in Illinois felt overwhelmingly that this was, indeed, the case.

In order to serve the number of target groups effectively, we feel that Congress should reduce the number of special interest groups identified at the national level, and let the significant segment doctrine carry at the local level, and let local planners, and local advisory bodies, and local elected officials, identify target groups prioritized for services.

Second, we recommend that specific dollars be provided and distributed on some trigger formula basis when an urgent situation develops at the local level which could not be anticipated.

The question was raised: "What should the relationship of employment and training policies be to income maintenance policies?"

Our response is simply that employment and training facilities and resources should be used whenever feasible to improve the employability of individuals on income maintenance.

We would like to comment on the role of the private sector in the design and the implementation of employment and training policy. Most of the jobs that CETA clients fill in the State of Illinois are in plants and companies with 20 or fewer employees. Big business is not as willing to hire and employ the CETA participant as small business.

We think the small businessman has been doing more than his fair share of employing the CETA-eligible clientele. This is, in spite of the fact that he cannot be appealed to on the basis of social concern. He is generally hard-pressed to make a profit, and this bottom line does not permit the luxury of a social conscience.

For the private sector to be more involved, financial incentives provided need to be improved, particularly for the small businessman.

The basic premise of on-the-job training reimbursement formula needs to be reconsidered and liberalized. We suggest either a sliding scale above the 50-percent reimbursement formula, or 100-percent subsidy for a certain period of time.

Our testimony goes on to say that we feel the CETA programs have worked, and that the data coming out of the continuous longitudinal manpower study tends to indicate that those programs work over time.

We think the relationship, and the partnership, at the Federal, State, and local government level has been beneficial to the country.

We recognize the problems, but we also call your attention to their effective solution. We believe that the stage is now set for a decentralized employment and training system, on which the Congress can rely.

I wish to express my appreciation and gratitude on the part of the Illinois CETA Directors Association for the opportunity to testify. And we will call your attention to the pride that we take in our CETA participants by the number of success stories that CETA clients have given us over the State of Illinois; over 33.

Thank you once again.

Senator QUAYLE. Thank you very much, Mr. Van Dyke.

[The prepared statement of Mr. Van Dyke follows:]

STATEMENT OF CLIFF VAN DYKE, DIRECTOR, LAKE COUNTY (ILLINOIS) CETA PROGRAM, WAUKEGAN, ILL., ON BEHALF OF THE ILLINOIS CETA DIRECTORS ASSOCIATION

Mr. Chairman, Members of the Committee, my name is Cliff Van Dyke. I am the Director of the Lake County, Illinois, CETA Program -- a CETA prime sponsor serving the northernmost county in Illinois, bordering on Lake Michigan. I am grateful for the opportunity today to present the views of my peers in the Illinois CETA Directors Association (ICDA) as part of your efforts to renew the employment and training system.

My testimony today represents the consensus of the Illinois CETA Directors in response to the issues identified by the Subcommittee. In addition we have some further comments on the role of the Job Service under the Wagner-Peyser Act; the role of vocational education and the role of community colleges regarding their efforts to work effectively with employment and training programs as the established intervention mechanism between those people with severe barriers to employment and employers willing to hire them.

Question 1: What are the appropriate objectives of employment and training policy? Manpower Development and Training Act programs in the sixties brought government out of its basic labor exchange focus. This represented a change of orientation from service to the employer and service to the most qualified applicant. The result was an effort to provide opportunities for employment referral to those people who were always left at the bottom of the barrel. This shift under MDTA (Manpower Development and Training Act programs) from employer orientation to client orientation provided the disadvantaged person equity or the ability to compete in the labor force. Employment and training policy serves to change the status quo. Its principal mission is to attempt to focus on human dignity and human potential and to invest in human resources in a changing post-industrial society.

Employment and training represents work adjustment for the disadvantaged population. Our objectives are to provide skills, training, and services which allow them to compete in the labor force. Obviously, there is a shortage of financial resources to accomplish the mission of employment and training policy so in the future the focus should continue to be on those for whom the need is greatest. To quote the Legislation:

> "It is the purpose of the Comprehensive Employment and Training Act to provide job training and employment opportunities for the economically disadvantaged, unemployed and underemployed persons which will result in an increase in their earned income, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible, coordinated, and decentralized system of Federal, State, and local programs."

In the Amendments of 1978, the following language was added:

> "It is further the purpose of this Act to provide for the maximum feasible coordination of plans, programs, and activities under this Act with economic development, community development, and related activities such as vocational education, vocational rehabilitation, public assistance, self-employment training, and social service programs."

We think the CETA system serves these purposes. Otherwise, the people served will be a drain on the taxpayer's dollar in some other fashion. Our purpose is to provide a safety net for people, who, through no fault of their own, face severe barriers to employment and cannot enter the competitive labor market. (CETA practitioners can only minimally reduce unemployment through the employment initiatives under Title VII of the Comprehensive Employment and Training Act.) Reduction in unemployment is the primary objective of full employment policy. Therefore, the Congress should recognize the need for a consistent and stabilized employment and training policy rather than replaceable programs. Oftentimes, these decisions are perceived as short-term efforts to deal with each aberration of the labor market.

Time dimensions need to be drawn out so that service deliverers in the employment and training system can deal with changes in the population and the labor market; changes in programming such as upgrading and retraining; changes in local philosophies of economic development. An approach we would suggest to the Congress is the re-enforcement of the current goal for the employment and training system with mutually supportive objectives and mutually reciprocal responsibilities with other agencies involved in employment and training, education, economic development, and support systems provided to the clients.

Thus, we ask you to look at the Comprehensive Employment and Training Act as one piece of a pie. The Humphrey-Hawkins Bill or the Full Employment and Balanced Growth Act provides for economic policy dimensions that allow this society to approximate full employment. The Unemployment Insurance System provides for a safety net for those who are idle, through no fault of their own, as a result of layoff. The Job Service provides for the labor exchange function. Economic development programs at the state, national, and local levels provide for the development of an environment where industry and commerce can flourish. The Vocational Education System provides for the training for the newest members of the labor force in general. And, in this service continuum, CETA provides for services to the structurally unemployed (to those people who have been at the bottom of the barrel, receiving the fewest number of benefits from all of those other activities). Welfare Transfer Payments complete the continuum as the safety net providing for the poor.

Question 2: What are the best methods for carrying out the objectives of employment and training policy?

Employment and training programming is a means to accomplish several ends, using a variety of training tools in the process. Any future legislation should not preclude the use of any particular tool. Nor should it over-emphasize the use of any particular employment/training tool at the local level. Local options and local discretion in the planning, design, and implementation of employment and training programs provide the most effective service delivery system. This, coupled with Federal review and approval, as well as oversight by the Congress, and review by other interested groups, provides the best means of checks and balances. Wild swings in policy and funding weaken our ability as practitioners to respond effectively. The emphasis of one strategy at the expense of another (for example, public service employment versus private sector initiatives) prevents the development of effective local mechanisms for serving the target population year to year.

Question 3: Should particular groups in the labor force be the concern of employment policy?

The response that the Illinois CETA Directors gave this question was overwhelmingly "yes" yet concern was also expressed at the overwhelming number of groups targeted for service. We feel that there is validity to the concern that national policy emphasis may be ignored in certain jurisdictions. But we also feel that the labor market information, needs and assessment, in a locality can identify reasonably well the priorities for the deployment of employment and training resources. These resources should be channeled to the target groups identified as a result of that needs and assessment process. Target groups should be identified for each locality and in conformity with the Civil Rights Act.

We feel the Congress should leave out the identification of special interest groups at the national level and let the significant segment doctrine carry at the local level and let local planners, local advisory bodies and local elected officials, identify target groups prioritized for services.

The discretion permitted local planners will enable them to deal with another area of targeting that needs to be considered as well -- targeting by geographic area. The prime sponsor can preserve and serve equitably areas of chronically high unemployment within its geographic boundaries as opposed to those areas in the prime sponsor's jurisdiction experiencing only short-term frictional unemployment. This leaves the prime sponsor with the flexibility to focus on areas of change where unemployment is increasing.

Second, we recommend that specific dollars be provided and distributed on some trigger formula basis when an urgent situation develops which could not be anticipated. We feel this should be a national program set apart from the prime sponsor's base allocation. If this suggestion is considered, adequate standards for the purpose to which the money may be put and the method of distribution should be developed similar to the disaster assistance programs of the Federal government.

Question 4: What should be the relationship of employment and training policies to income maintenance policies?

Our response is simply that employment and training facilities and resources should be used whenever feasible to improve the employability of individuals on income maintenance. Our assumption here is that these clients meet the CETA eligibility criteria. One further comment — for those potential clients receiving unemployment insurance benefits, we feel that CETA could offer training on a non-compulsory basis while these people are on indefinite layoff. This training benefit should not affect their unemployment insurance claim. We look at this as preventive maintenance equipping this person with the skills to once again compete in a changing labor market. Our emphasis, once again, is on economic self-sufficiency for our recipients.

Question 5: What are the appropriate relationships between federal, state and local governments in the funding design and administration of employment and training programs?

On balance, we think the relationship or the partnership between federal, state and local government in the CETA system has been beneficial for the country. A quick review of our accomplishments in terms of what the system has been asked to do seems in order.

In early 1975, the system was asked to increase public service employment in a new title within six months. The system responded by doing so and despite reports from the press to the contrary, with a minimum of fraud and abuse. Under the Economic Stimulus Program the public service jobs program was expanded again. Public service employment doubled from 310 thousand jobs to 650 thousand jobs and the system achieved that goal. Then in 1978, the system was asked to phase down to 300 thousand jobs again and the system accomplished that. Most recently—in 1981--the system has been asked to phase out its public service employment component and that is being accomplished. According to the Department of Labor, two-thirds of the clients losing jobs are being placed in employment or training programs.

In 1978, the system was asked to establish private industry councils and refine and expand its connection with the private sector. That process is going on smoother in some places than in others but, by and large, the 475 prime sponsors in the country are responding positively to that initiative and are implementing it successfully.

The question becomes -- is there a balance between achieving federal policy objectives and local flexibility? We think there is. Local government priorities are often congruent with policy initiatives of the federal government. Decentralization has been impeded by decisions in the Congress to over-emphasize specific employment and training strategies at the expense of locally developed programming and a concern by Congress as to whether local governments can be relied upon to administer programs consistent with federal objectives. These doubts should no longer exist as a result of the establishment of the Inspector General's Office. That office is providing a rational, adequate, and deliberate approach to audit and audit resolution. Although we are not entirely happy with all the aspects of it, the process has improved accountability and local accountability is being strenuously pursued for the first time. Therefore, we think the federal government can determine whether locally-administered programs are well-run. We think accountability can be reliably determined through a regular audit schedule, constructive monitoring procedures, and a planning process which is long-range in its orientation. The stage is now set for a decentralized employment and training system on which the Congress can rely.

Question 6: What is the appropriate role of the private sector in the design and implementation of employment and training policy?

Our concern here is not how we can maximize the participation of the private sector in policy developments and program implementation. Our concern is whether the private sector has the interest to be involved in employment and training policy and program delivery. Most of the jobs that CETA clients fill in the State of Illinois are in plants and companies with twenty or fewer employees. Big business is not as willing to employ the CETA participant as small business. We think the small businessman has been doing more than his fair share of employing the CETA-eligible clientele. This is in spite of the fact that he cannot be appealed to on the basis of social concern. He is generally hard-pressed to make a profit and this "bottom line" does not permit the luxury of a social conscience. For the private sector to be more involved, the financial incentives provided need to be improved, particularly for the small businessman. The basic premise of the OJT reimbursement formula needs to be reconsidered and liberalized. We suggest either a sliding scale above the 50%, or a 100% subsidy for a certain period of time in the training period. This suggested re-evaluation of payments of the extraordinary costs of training the disadvantaged client for small business will enhance our ability to place clients, since it is the small company where most of the new jobs are created.

We do not feel that the private sector is responsible for solving all the problems of the structurally-unemployed in our economy. Nevertheless, our experience as practitioners tells us that when an employer gives the disadvantaged client an opportunity, they tend to work out successfully.

Private Industry Councils have a unique role in this area. These councils, composed primarily of businessmen, are valuable assets to the practitioner in the design and implementation of employment and training programs. For maximum effectiveness, the members must convince their peers of the worth and utility of a full range of CETA programs.

The continuous longitudinal manpower studies convincingly document that CETA programs increase future employment opportunities and earnings of our clients. Within twenty-four (24) months after participation most clients are employed and earning more money than their peers who did not have an opportunity to participate in a CETA program. Generally, those future employment opportunities are in the small establishments. Therefore, effective subsidization should be provided to encourage the expanded participation of the small employer in employment and training programs.

Larger corporations must become more involved in employment and training policy development. They could help by recognizing the best of competency-based training and work experience programs. If not in actually employing the clients, large corporations could help the Department of Labor and the prime sponsor system develop recognizable competencies that are saleable in today's labor market. Furthermore, we think there is a leadership role for big business whether that leadership role is displayed through the National Alliance of Business or some other form. We feel the Fortune 500 must provide more than a lip service commitment to hire the disadvantaged. The ICDA membership would like to see those commitments expressed to the local manager, the local personnel office, or the local branch of a company. When we need to talk about placement in the field, therefore, we must be able to obtain a commitment from that personnel manager without having the response, "I have to check it out at headquarters." We ask for that local commitment from the local manager because they are less willing to compromise the bottom line at the local level.

They would be willing to make the commitment if the employment and training of a disadvantaged client could be perceived as having a positive effect on the bottom line. In all large companies a significant number of vacancies occur annually because of quits, deaths, or retirement. Some of these companies have demonstrated a willingness to set aside as much as 10% of the vacancies in entry-level jobs for the CETA-eligible clientele. We believe that the programs of the Reagan Administration offer a challenge to large business to respond by an expansion of such commitments. Such a response would demonstrate the willingness of the private sector to fill the void left by the termination of the Public Service Employment Program.

The ICDA feels very positive about the opportunity to provide employment-generating services under Title VII. We feel they have provided us with additional tools that we did not have at our disposal in the past. However, we caution that on the margin these tools do not create employment opportunities first-hand. Economic development linkages, employer outreach programs and labor market information are important tools in order to generate the best work opportunities we can for our client population. We would not want to lose these tools but we would like to recognize that their value does not contain immediate payoff. The payoff is in an improved local economy and improved information about how to target the resources to those most in need.

Finally, we think the prime sponsor needs the option of having a single planning body with the majority of the representatives from the private sector. The stress of the current system mitigates against comprehensive plans: a separate youth council, a separate private industry council, a separate planning council, do not create an environment for cooperation and coordination allowing room for all the actors to express their views.

In summary, we have one key point:

> We need to create a dialogue on the incentives for business and we recommend increasing those financial incentives for business participation beyond the 50% reimbursement for the extraordinary cost of training the disadvantaged client.

Question 7: Can the diverse set of programs which constitute the employment and training system be coordinated?

Government, no matter what the area, is concerned with linkage. The Navy-Army linkage in the Department of War during WWII was a problem. Linkage and providing a dialogue is important; but it is also important to narrow down the responsibilities for linkage. It is important to find out which service delivery systems can reasonably get the job done and eliminate the duplication of effort. Recognition needs to be given that CETA, Vocational Education, Welfare, Job Service, WIN, Economic Development, etc. have parallel and concentric areas of influence, interest and responsibility and require reciprocal responsibilities for coordination and service delivery for clients.

The ICDA membership feels a "bottoms-up" approach to coordination and linkage needs to be taken. In addition, authorizing pieces of legislation for all the members of the employment and training system should contain reciprocal requirements for coordinated service delivery at the local level.

Question 8: Have employment and training programs worked?

We think they've worked. The data coming out of the continuous longitudinal manpower study tends to indicate greater earnings over time for former CETA participants. Further, the study seems to indicate that the poorer the client is upon entry, the greater the earnings differential. More importantly, the study indicates that even those people whom we, the practitioners, may have thought we failed at the time they left the program, often are employed within 24 months after participation. We are serving those most in need. Many times CETA programs represent the only entree to the labor market for the people we work with. About half of these people initially succeed, and upon completion of their employment and training program are able to compete effectively for available jobs. Another 20% continue their education and stay in school. Only one-third leave the system negatively.

We think we provide an alternative to income transfer programs by providing a route to employment and self-sufficiency. On that basis we think that locally-administered, federally-funded employment and training programs work.

Other Problem Areas

Advisory Councils

As we indicated earlier, the redundant membership of the Advisory Council, the Private Industry Council, and the Youth Council is something the Illinois CETA Directors Association would like changed. We value community input in the design, implementation and assessment of our programs, but we do not feel that it is desirable to continue the proliferation of the required mechanisms to accomplish this goal. The membership felt strongly that the best way to resolve this problem would be to permit local discretion as to how councils should be constructed and who their members should be. Separate councils or separate subcommittees should be equally as acceptable in order to deal with the problems identified in the legislation. In some areas, separate councils could be a very legitimate solution; in others relevant subcommittees of the council could be more constructive than separate councils.

CETA Eligibility

A second technical area of consideration requiring your attention is the eligibility requirements under CETA. The ICDA membership strongly supports the notion of uniform eligibility requirements for CETA programs.

Training Allowances

A third technical concern of the ICDA membership is the inflexible posture of the Act toward training stipends. We recommend that the Congress encourage the development of local decisions on training stipends. Our experience tells us that a locally determined sliding scale for stipend payments along with incentives for achievement would enhance the cost-effectiveness of our program and the CETA client's sense of accomplishment and motivation.

CETA Vocational Education Linkage - 6% - 1% Set-aside

A fourth area of consideration was the CETA Vocational Education Linkage under Title II-BC. Six percent (6%) of the CETA money in any state's allocation is set aside for vocational education programming and is generally sent back to the prime sponsor through the state's Office of Vocational Education. In addition to that set-aside, there is a one percent (1%) set-aside for educational linkages. Together these monies represent seven percent (7%) of the Title II-BC funding statewide. It was felt that the current provision for set-aside, sent through the Governor and monitored by the state Vocational Education agency, is an extraordinarily expensive way to guarantee Vocational Education and CETA linkages. Several alternatives were presented:

1. That there be a 7% set-aside for Vocational Education programs in the Title II-BC base grant to the prime sponsor allocating that 7% directly to the prime sponsor for that purpose.
2. That the state Vocational Education agency develop an advisory council made up of prime sponsors for the disposition of those set-aside funds and their administration.
3. That the Congress clarify what kinds of services the employment and training system can be expected to receive and/or deliver for that 7% set-aside.

At this juncture, the Illinois CETA Directors Association felt it was necessary to comment on the role of vocational education under the Vocational Education Act, the role of community colleges under CETA, and the role of the Job Service under the Wagner-Peyser Act.

Vocational Education Act

The ICDA membership noted the existence of several studies recently released at the national level that indicate that vocational education has had mixed success in providing poor and minority young people with strong attachments to the labor force.

One study concluded that training for youth has less impact on labor force involvement of youth than their employment experience. Upon further observation and reflection, the ICDA membership felt that vocational education training programs too often are administered as a preventive in-school effort which provides training options to the general population. In contrast to this, CETA is too often viewed as remedial. Comprehensive Employment and Training Act programs deal with the people who have failed in or been failed by traditional schools and other support systems in society in general. Vocational education components in CETA are channeled to those who are not able to achieve in the traditional educational system. CETA service deliverers are involved in primarily short-term training, often without certification, to enable CETA clientele to meet the immediate needs of employers. Once again this contrasts with the mission of the vocational education service delivery system which is to provide access to career opportunities for all of those who pass through their door.

Finally, vocational education receives most of its funding from local and state taxes. Only 10% of the Vocational Education dollar at the local level comes from the federal government. In contrast to that, CETA is totally financed from the federal treasury. As a result, the membership had several recommendations for vocational education reauthorization:

1. The targeting requirement for the Vocational Education dollar from the federal level should not be abandoned but neither should it be so restrictive as to prohibit the targeting of those dollars to the individuals most in need at the local level. That is, we do not feel that national priorities should drive or should freeze out what may be legitimate local concerns. Along these lines, the Illinois CETA Directors Association felt that targeting could be accomplished on two levels:

a. Targeting could be achieved by putting the federal resources into schools and school districts where low income families make up a significant portion of the population.

b. The federal law should consider listing a series of target groups and allow local planners to identify their own priorities.

2. CETA and vocational education programs are symbiotic or mutually dependent in a very positive way at the local level. Prime Sponsors depend on vocational educators for training curriculum development and other services. Vocational education systems receive an opportunity from CETA to provide training and services specifically adapted to those most in need. The ICDA membership feels this relationship needs to be fostered and continued at the local level. This cooperation can include the clients that the two systems are concerned about; both in the mainstream situation where the client is in school and when the client has dropped out of the traditional educational setting.

3. The ICDA felt the vocational education money at the federal level can act as a catalyst for positive changes in local programming, and in order to do that effectively, the legislation should eliminate the local match and the maintenance of effort provisions, and yet continue to act as an equalizer of funding to the poorer communities of the country. The membership feels this would allow local school districts to adapt vocational education programming to the changing complexion of the community.

4. Vocational education planning (at the state and local levels) has too often failed to garner the participation of local vocational education administrators to assure a reasonable allocation of resources for vocational education at the local level.

Community Colleges

A recent review of the effectiveness of vocational education programs under the auspices of the National Institute of Education (NIE) gave high marks to the Community College Systems. Their ability to respond quickly to the training needs of CETA clientele, as determined by the CETA prime sponsors, their greater flexibility, and their proven effectiveness, in most cases warrants advocacy for their greater involvement in managing CETA training programs. Any CETA reauthorization should recognize them as a primary training resource.

To accomplish this: Linkages between CETA and community colleges should be strengthening their mutual ties to the private sector.

To do this: Both must establish and work toward the accomplishment of mutual goals.

Effective linkages are promoted by the colleges' self-appraisal of what CETA programmatic functions they are capable of performing, consistent with their mission in the community, and informing the prime sponsors of their willingness to perform in those areas, and to be held accountable for the results of such performance.

Wagner-Peyser Oversight

The Job Service is the nation's publicly-supported labor exchange system. Its function is to bring job seekers and employers together in an efficient manner in order to reduce both frictional and structural unemployment and to provide labor market information on a timely basis. In order to accomplish this, one billion dollars in annual funding is provided by state and federal governments. The ICDA membership identified three areas of concern with the Job Service:

1. Employers are reluctant to list jobs beyond entry level and employers cannot separate the enforcement function from the programmatic function of the Job Service.

The job seekers experienced their first contact with the Job Service after filing an unemployment insurance claim. They often find the job bank fails to meet their immediate needs.

2. At the very time that potential clients need the placement talent of the Job Service the most, Job Service staff are often reassigned to Unemployment Insurance to handle the increased caseload there. Not only does this reduce the ability of the local office to adjust to changing economic conditions but it confuses the image of the Job Service even more with the image of the Unemployment Insurance Office. Community members often refer to both operations as the "Unemployment Office".

3. The ICDA feels that the Job Service-CETA link should be carefully examined as part of Congressional oversight and makes the following recommendations:
   a. That Congress consider a complete system overhaul which includes a careful identification of the labor exchange function for the following actors: the states, the local employment and training providers, the community-based organizations, and Public Aid.
   b. The Congress in its review of Job Service should organize legislative mandates around the functional areas in programs of the Job Service. The ICDA felt that several missions of the Job Service are conflicting in nature. It is not possible to have employers take advantage of a labor exchange program offered by the same agency that also has regulatory functions. Employer services, Welfare, UI, and WIN program functions are not well-integrated.
   c. In general, the ICDA membership felt the job match and labor exchange functions should be freed from the policing actions that have been added by the Congress in recent years.

d. The ICDA membership felt that changes are required in the balanced placement funding formula which would allow Job Service operations to be adequately staffed in times of high unemployment when clients need them the most.

e. With respect to job placement for CETA-eligible clients, the ICDA feels that the CETA deliverer should retain the follow-through and placement responsibility and accountability for that client, leaving the Job Service with all the other clients in the labor market.

Consistent with this responsibility, the CETA deliverer could utilize the Job Service for job development or placement measuring its performance as it would any other contractor. This should be done under contract with the prime sponsor and developed with the local Job Service office manager. These arrangements would be based on the presumption of effectiveness, performance and accountability extended to every other service deliverer. Where this effectiveness could not be supported, the prime sponsor could utilize alternative means.

f. The sixth recommendation from the Illinois CETA Directors Association calls for a decentralized Job Service operation with the development of local planning and response options. With emphasis on accountability to the local community, the ICDA felt that any future Wagner-Peyser revisions should include CETA programs for employment and training deliverers to the disadvantaged as part of the body of people that are responsible for making Job Service policy. This would be considered reciprocal with the Job Service role in developing employment and training policy for CETA programs. The ICDA membership felt this would enhance the accountability of both programs.

I wish to express my appreciation and the gratitude of the Illinois CETA Directors Association for the opportunity to testify before your subcommittee. We recognize the need for the efficient use of resources in these austere times but we also recognize that it is a job that must be accomplished.

CETA programs, when properly directed, play a productive role in strengthening our economy by helping our most disadvantaged fellow citizens. Because we are very proud of our clients, the ICDA has provided thirty (30) success stories representing a cross-section of CETA programs at work in Illinois.

(Note: In the interest of economy, the success stories referred to were retained in the files of the Committee.)

CAV/aw
August 26, 1981

Senator **QUAYLE**. Mr. Brumfield.

Mr. **BROWN**. Mr. Brumfield is not here.

Senator **QUAYLE**. Mr. Brumfield is not here.

Mr. Brown.

STATEMENT OF REGINALD V. BROWN, ASSISTANT TO THE MAYOR, OFFICE OF EMPLOYMENT AND TRAINING, CHICAGO, ILL., ACCOMPANIED BY LANCE REBELLO, DIRECTOR OF PROGRAM DEVELOPMENT

Mr. **BROWN**. Good morning, Senator.

Senator **QUAYLE**. Good morning.

Mr. **BROWN**. My name is Reginald Brown, and I am the executive director of the mayor's office of employment and training in the city of Chicago.

It's a pleasure for me to be here this morning before you and members of the Subcommittee on Employment and Productivity.

With me, I have Mr. Lance Rebello, who is director for program development for the mayor's office of employment and training in Chicago.

My statement will be brief to comply with the 5-minute time limit. So, I will only touch on the most salient points discussed in the more extensive testimony submitted to the subcommittee.

I asked to testify before you today to express the concern of the people in Chicago about the changing role of the Federal Government, and how this change would effect their lives.

Specifically, we are concerned about the future of federally funded employment and training programs, such as CETA.

Chicago has always been one of the Nation's most vital centers of commerce and industry, but, like many other aging urban areas, it has never fully recovered from the devastating recession of the mid-1970's. Problems of high unemployment, displaced industry, and a changing economic profile have sent a series of shock waves rippling through our local economy.

As a result, local unemployment measured annually has averaged more than 100,000 individuals for the last 6 years in a population embracing over three-quarters of a million economically disadvantaged. Unemployment and poverty, while serious concerns in their own right, are but symptoms of a larger problem; that of an uncertain and unproductive economy.

The current administration has recognized the significance of this, and has initiated policies to rebuild our fiscal capital through increased incentives for productive investment by private enterprise.

But just as important as the revitalization of our Nation's physical capital is a commitment to the enrichment of our human capital. America will need all of its skilled labor to man the machines of industry if we are to remain the premier economic power in the world.

President Coolidge once said that the business of America is business. He was right. A productive and profitable industry has always been the source of our economic well-being. No prudent investor subscribes to an enterprise which yields no return. Likewise, government should not invest its capital in nonproductive ventures, but in activities which yield a return on its investment. Job training is such an activity.

A national commitment, therefore, must be made to provide for skilled labor necessary to our economic growth.

Business and government share a common interest in the economic vitality of our Nation, yet, American industry has exhibited a tendency to be myopic, emphasizing short-term profit at the expense of long-term investment.

It is, therefore, appropriate, if not essential, that business and government join in a common effort to meet the long-term investment needs of industry and by their concerted actions, strengthen and expand the American economy.

Experience has demonstrated that a strong, public private partnership is essential if we are to improve training and increase employment opportunities, but there has been some barriers to private sector participation, and the business community, in general, is hesitant to join in a close partnership with government-operated employment activities. The spector of Federal officials intervening in the operation of their business through multiple audits, as well as the imposition of arbitrary requirements, has repelled many businessmen, who might, otherwise, have participated in a joint public-private venture.

Another significant barrier to this joint effort stems from the unfavorable image of CETA enrollees fostered by the media. In the past, the media has often portrayed these individuals as being, in some way, inferior to those who have not been stymied by labor market barriers, but this is misleading. The overriding problem confronting CETA enrollees is not inferiority, but lack of opportunity.

A wide range of incentives and other options must, therefore, be available to the business community in order to maximize employment opportunities.

Without access to jobs, the structurally unemployed are taxeaters, a public burden. Income maintenance is no substitute for opportunity-creating employment and training programs.

Those who are ill-equipped to compete for available employment must have the opportunity to overcome these labor market obstacles. With skill training, they become tax producers, whose productivity ripples through the economy.

Social equity programs operated by government are inevitably fraught with controversy. And the judgments concerning the value of CETA are often lost in emotional, ideological, or political considerations.

The fact is that employment and training programs, such as CETA, prepare formerly nonproductive individuals for productive employment. This investment in human capital is repaid not only through the sweat of their labor, but through the taxes their labor generates.

In the final analysis, CETA has been a fairly remarkable program. It has been highly sensitive not only to the pressures of the Nation's economic needs, but to the needs of the disadvantaged as well. This is borne out by the hundreds of thousands of individuals who were unskilled or idle, but, who now labor productively in the marketplace, because employment and training programs, such as CETA, were there to lend a hand.

Thank you.

Senator **Quayle**. Thank you very much, Mr. Brown.

[The prepared statement of Mr. Brown follows:]

TESTIMONY OF DR. REGINALD V. BROWN, ASSISTANT TO THE MAYOR, EMPLOYMENT AND TRAINING, CHICAGO, ILL.

PREFACE

The need for federal assistance for individuals who are at a disadvantage in the labor market was recognized early in the 1960s with the passage of the Manpower Development and Training Act. A number of categorical programs, all designed to address the problem of the disadvantaged, were launched during the decade, each with its own protective statute and delivery system. By the time CETA was introduced in 1973, the federal government was spending $2 billion a year on employment and training programs, most of them administered by federal officials. The passage of CETA marked a turning point in the direction of manpower legislation.

The approaching reauthorization process, although highly consumptive of time, energy, and patience, offers a splendid opportunity to refine and redefine national employment policy. The issues currently being addressed raise basic questions concerning the appropriate objectives, methods, and priorities of a national policy. They are, in the main, the same issues which were discussed prior to CETA's implementation in 1973. In this instance, however, we have the advantage of eight (8) years of experience in program operation to guide us.

The reauthorization presents an opportunity to clearly state what this country is going to do to address the problem of concentrated unemployment.

We, as a nation, must make a strong commitment to the reduction of unemployment. We must strive toward a situation in which the structurally unemployed are competitive in the national market and American industry is competitive in the world economy.

Those who are ill-equipped to complete for available employment must have the opportunity to overcome employment barriers and be free of the frustration and the onus of long-term joblessness. The new administration has announced its intention to "get America working again"; to rebuild our physical capital so we can compete with the rest of the industrialized world. It has offered many incentives to replace our aging physical capital with an eye to increased productivity. To complement the increase in physical capital, there must also be a commitment to the development of human capital. As our economy expands, jobs requiring skilled workers will increase. A commitment must be made to provide this skilled labor through federally initiated training. Such a commitment is inherent in CETA.

The unemployed in our nation are like a diamond in the rough, an unrefined resource. Basic education, skills training, and placement assistance can provide the needed refinement. The range of employment and training services can make a contribution to our productive capacity and benefit both individuals and the nation.

I. THE PRIMARY OBJECTIVE OF EMPLOYMENT & TRAINING POLICY IS TO DEVELOP INDIVIDUAL EMPLOYMENT POTENTIAL IN ORDER TO INCREASE JOB OPPORTUNITIES AND SELF-SUFFICIENCY.

The major thrust of employment & training efforts has been to improve the employability of individuals lacking knowledge, preparation, and connections with the labor market, and to increase employment opportunities in areas of chronic and substantial unemployment. Although rising unemployment in the 1970s expanded the constituency of regular manpower programs to include individuals not ordinarily in need of manpower services, the assumption that employment & training activities assist in the development of human capital is still a fundamental premise of the program.

Under the new Administration we find ourselves at a crossroads. The Federal role in employment & training is being redefined, and we must shape an effective employment and training program pursuant to a new set of priorities.

The first step is to identify overall policy objectives, that is, what we want to accomplish. It is important to remember that policy acts as a guiding light for programming. Policy should be focused, not diffused. It is widely acknowledged that this has been part of the problem with employment & training programs in the past. As one commentator so aptly stated, "CETA has been a workhorse driven in all directions at once." The employment & training system cannot successfully pursue more than a limited number of objectives at one time. Therefore, the objectives chosen must be clearly defined, non-conflicting, and understood throughout the system. Since objectives represent what the program is trying to achieve, they must be designed so that achievement or progress toward achievement can be recognized and assessed.

A number of potential policy objectives have been suggested and include: reducing the overall unemployment rate, reducing the unemployment rate for particular groups, reducing welfare dependency, increasing workforce productivity, and providing economic development assistance to distressed areas. These all represent worthy policy aims, but there are constraints on the ability of programs to accomplish ambitious national goals. Eligibility criteria and allocation levels are two of the factors that set parameters for what programs can accomplish.

For federal programs, eligibility is an expression of Congressional intent. It is a way to direct legislation toward its intended beneficiaries. There are a number of federal programs that deal with the problem of unemployment. Unemployment Insurance and Trade Readjustment Assistance provide cash payments for laid off workers and those working in industries adversely impacted by foreign competition. The Job Service acts as a national labor market exchange matching individual skills with available job openings. Each program has a particular purpose and meets the needs of sub groups in the needy population.

In the same way, the particular focus of CETA has not been on the unemployment problem as a whole, but rather on those jobless persons with limited family incomes. The table below shows the distribution of unemployment in the City of Chicago by family income for selected CETA significant segments.

DISTRIBUTION OF UNEMPLOYMENT IN CHICAGO

BY FAMILY INCOME (SELECTED GROUPS)

	70% LLSIL*	MORE THAN 70% LLSIL	TOTAL
Female	37.6%	62.4%	100%
Age 16-19	40.4	59.6	100
Black	53.1	46.9	100
Total	42.6	57.4	100

*(70% of the Bureau of Labor Statistics Lower Living Standard Income Level is the family income eligibility criterion for CETA Title II-B.)

The table shows that nearly 60% of Chicago's unemployed are ineligible for CETA because of family income. If the distribution in Chicago is representative of the nation, then there are roughly 4.8 million unemployed persons nationally whose employment needs cannot be addressed through CETA.

Allocation levels limit services even further. There is simply not enough money to serve all the eligibles who apply. The central issue here is program impact. Measures of program impact help prime sponsors to understand the degree to which they can address the employment and training problems CETA is designed to solve. A knowledge of program impact provides a fitting context in which to determine the extent of CETA contributions to the economic development or labor force quality of the prime sponsor area and to gauge realistic expectations of what is possible with a limited and/or shrinking resource base.

The "impact rate" of CETA services can be expressed as a ratio of numbers served to numbers eligible. This measure provides an index of the level of need served by the program. The table below lists impact rates for selected significant segments for Title II-B in the FY'80 program year.

CITY OF CHICAGO IMPACT RATES FOR
TITLE II-B IN FY'80 (SELECTED GROUPS)

Female	9.8%
Age 16-19	7.6
Black	9.8
Total	8.6

The table shows that less than 10% of the eligible population could be served with available program funds.

The data demonstrate that the needs of only a minority of the unemployed are currently targeted through the nation's primary employment and training vehicle - CETA. Only a fraction of those eligible for CETA actually receive service.

If the scale of intended objectives for employment & training programs is to lower the unemployent rate, or even to lower the rate for particular groups, then the program will have to be expanded considerably.

The costs of such an effort would be far above that which the Administration appears able or willing to spend. The determination of policy objectives should proceed with this caution: to set unreasonable or incompatible objectives is to build in failure.

The primary objective of employment & training policy should be to provide individuals with the training and skills development they need to successfully compete in the job market.

Like the "invisible hand" identified by Adam Smith, the pursuit of this single objective will also touch upon a number of others such as: reduction of the overall unemployment rate and the rate for particular groups, reduction of welfare dependency, increased work force productivity and economic development assistance to distressed areas. In this way, employment & training programs can be a key underpinning for a revitalized economy.

II. THE METHODS USED TO PURSUE EMPLOYMENT & TRAINING POLICY SHOULD BALANCE THE NEEDS OF THE DISADVANTAGED UNEMPLOYED WITH THE PROFIT MARGIN CONCERNS OF BUSINESS.

In attempting to match business and individual needs through employment and training programs, two points deserve emphasis. First, selected activities should facilitate private sector linkages. Second, linkage efforts should build a partnership between business and the unemployed that recognizes unique individual needs and realizes that "the business of business is business".

Since the ultimate goal of CETA training is to prepare the individual for labor market participation, it is essential that the type and quality of skills development and employment preparation offered be relevant to the demands of the labor market. Insofar as possible, training activities should be developed in occupations which offer the most stable employment opportunities.

Both the Labor Department and the local program administrators should emphasize greater or more qualitative involvement of the private sector in the development of training activities in order to tailor skill training to the demands of the labor market.

Activities such as classroom training and on-the-job training can bridge the gap between public and private sector concerns. As such, they can be productive ventures for both. These activities provide both skilled, workready employees for the private sector, and concrete evidence that government is addressing the long-term economic needs of the nation through the development and enhancement of human capital.

Last year in Chicago, more than 14,000 individuals were enrolled in our Title II-B training programs. Of those who had completed their course of training, more than 4,200 entered unsubsidized employment. More than one-half of these individuals had earned no wages prior to CETA participation, and have become wage-earners and tax-payers for the first time. In a short time they will repay with interest, the investment made in them.

Program experience has demonstrated that a strong public/private partnership is essential if we are to improve training and increase employment opportunities. But this type of partnership requires active private sector representatives who are committed to creating an effective mechanism to address the needs of both the disadvantaged unemployed and the business community.

There have been some barriers to private sector participation, and the business community, in general, has been hesitant to join in a close partnership with government-operated employment activities. The specter of federal officials intervening in the operation of their businesses through multiple audits, as well as the imposition of arbitrary requirements has repelled many businessmen who might have otherwise cooperated in a joint public/private venture.

Another significant barrier to this joint effort stems from the unfavorable image of CETA enrollees fostered by the media. It has, in the past, portrayed these individuals as being in some way inferior to those who have not been stymied by labor market barriers. But this is misleading. CETA participants do have occupational problems, but these can be alleviated through skill acquisition and employment preparation. The overriding problem confronting CETA enrollees is not inferiority, but lack of opportunity.

Although there are barriers to participation, business has long recognized that increasing the skill levels of employees increases productivity, and profit. They have made sizeable investments in employee training.

The American Society of Training and Development has estimated that more than $30 billion is invested annually for the training of employees.

The Bell System spent $1.7 billion last year to train nearly 30,000 employees.

Xerox recently established a $75 million training and management center to train their employees.

The Citibank Corporation spend upwards of $1 million annually on tuition reimbursement for its employees.

All of these companies have recognized the importance of establishing a source of skilled employees to meet their manpower needs. It is unlikely, however, that they could afford the additional costs of upgrading those who are least competitive in the labor market.

Therefore, a wide range of incentives and options need to be available to the business community in order to maximize employment opportunities for those experiencing significant labor market barriers. The business community represents a wide variety of organizations with a diverse range of needs. Employment policy has to be sensitive to those needs in order to effectively serve business and increase employment opportunities.

One option to increase the private sector's participation could be to provide customized on-site training at the employer's place of business. The training could be tailored specifically to address a particular employer's needs to make the most effective use of resources.

Another alternative would be to establish a system of sequenced classroom and on-the-job training. Enrollees would learn basic occupational skills in a classroom setting in preparation for "hands on" training at the employer's job site. Basic skills preparation in a classroom setting would eliminate much of the nonproductive time spent learning the skills at the job site.

Finally, it is essential that some form of skills documentation be adopted for each program participant. This documentation of skills could be used not only as a yardstick to measure the participant's progress during the training period, but also as an indicator to the employer documenting the skills the individual has acquired. An Employability Development Plan should be completed for each CETA enrollee, that not only documents a plan for service, but also specifies the skills which that enrollee has acquired.

Since placement in the private sector is the ultimate goal of CETA, an increased emphasis on counseling and placement activities is imperative. Every activity should have inherent in its design, the goal of providing the program participant with the services and skills which will increase and enhance that individual's employability.

The methods chosen for implementation should be of such a kind that after reauthorization is complete, we are in a position to say that "employment and training programs are open for business".

III. PERSONS WITHOUT JOB MARKET ALTERNATIVES ARE THE PRIMARY CONCERN OF EMPLOYMENT AND TRAINING PROGRAMS. COMBINING NATIONAL POLICIES WITH LOCAL PREROGATIVES IS THE PRIMARY LEGISLATIVE CONCERN IN TARGETING RESOURCES TO THIS GROUP.

The central fact about unemployment in America is that it is concentrated among certain demographic and occupational groups, geographic areas, and industries. For instance, in the City of Chicago, more than 70% of the unemployed are Black and Hispanic; over 40% are young people between the ages of 16 and 21. The difficulties of these groups are even more pronounced among the city's low income persons. Nearly 85% of Chicago's low income unemployed are Black and Hispanic; 45% are under 21. Unemployment rates for these groups at the national level reflect local experience. While the national unemployment rate in May, 1981 was 7.6%, the rate for Blacks and other minorities was 13.6%; for teenagers 16-19, it was 19.5%; and for minority teenagers, a staggering 33.6%.

Unemployment is also concentrated geographically. At the end of 1980 nearly 40% of the nation's unemployed were concentrated in just six large industrial states (California, Illinois, Michigan, New York, Ohio, Pennsylvania). About half of the unemployed in these states, nearly 20% of the national total, lived in just ten metropolitan areas.

While statistics focus attention on the serious difficulties of these groups, they are not altogether surprising. For years we have known and have come to think about unemployment in relation to minorities and other groups with labor market disadvantages. But as the recession of 1980 demonstrated, yet once again, the problem of joblessness is not confined to the unskilled or the poor. Certain industries and occupational groups are highly susceptible to cyclical downturns in the economy, and the amount of job loss can be catastrophic. For example, the over-the-month decrease in blue collar employment from April-May last year was 450,000. In just two months the transportation equipment industry lost 175,000 jobs or 9% of its employment. Primary and fabricated metals experienced losses of 100,000 jobs in a similar 2 month period. Although there has been some recovery since last year's recession, the after effects still linger as the table below illustrates.

U.S. UNEMPLOYMENT RATES FOR SELECTED OCCUPATIONAL GROUPS & INDUSTRIES

	MAY 1980	MAY 1981
Blue Collar Workers	11.3%	10.0%
Construction Industry	17.5	16.3
Manufacturing Industry	9.9	7.9

The concentrated nature of unemployment and its continuing severity would suggest a targeted response - toward areas and toward groups "at risk". The paragraphs above identify two such groups: those with limited opportunities or access to jobs and those subject to displacement from their jobs because of national or international economic forces. Although we tend to think of these two groups as dissimilar, the root cause of their joblessness can be traced to a mismatch between the skills they have to offer and job market needs. A "supply side" response that provides skill training or retraining is one approach that would increase American workers on the job and keep American industry competitive.

As the paragraph above suggests, unemployment must be thought of in relation to labor market needs. The labor market is a very dynamic place, much more so than aggregate statistics indicate. Research done at the Massachusetts Institute of Technology showed that between 1970-72 nearly 22% of the jobs in the United States disappeared because of business closings and contractions. Later work there confirmed that most areas of the country lose about 8% of their jobs each year. Remarkably, job replacement through new or expanding firms maintains an equilibrium in the system. But the fact remains, the labor market is a tumultuous, sharply competitive environment where firms are dying and being born all the time. Add to this the effects of recessions, the trend in manufacturing growth away from older urban areas, the general increase in the proportion of white collar and skilled technical jobs and it is easy to understand how individuals can be overtaken by a chain of events beyond their control. The difficulties are particularly acute for the least competitive, those with little to offer employers or whose skills are irrelevant to current demands. They are simply left out. For this reason, creating new jobs won't be enough. During the Carter administration, over nine million jobs were created, but problems remain severe. Employment and training programs are essential for matching the labor force with a changing job base. Employment and training programs are essential to those without labor market alternatives.

Program targeting is closely related to setting program objectives and establishing methods. As objectives answer the question of what is to be accomplished, and methods answer the question of how it will be accomplished, targeting answers the question, for whom efforts will be undertaken. Targeting is a critical issue because resources are always scarce and because objectives won't be met if intended recipients of service are left unserved.

There are appropriate legislative measures that combine national policies with local prerogatives in order to assure a targeted program.

At the national level, formula funding and eligibility criteria are important considerations. A funding formula establishes a relationship between needs and resources. It provides an equitable distribution of funds. It insures that money is directed to problems. Eligibility criteria define the needy population. Through carefully chosen criteria, legislation can set the boundaries for the size and characteristics of the population to be served.

At the local level, the principles of equity, severity of need, and respect for individual labor force entry decisions help bring about a locally responsive process. Equity demands that significant population groups receive service in proportion to their representation in the eligible population. Equity considerations revolve around the issue of what is the "fair share" of services for particular groups. Relative numbers of eligibles are not the only concern, however. Even among the eligibles it is possible to select the most in need. Some groups are more severely affected by social and economic disadvantages. The process of determining target groups locally should be flexible enough to adjust for special needs. Considerations of severity of need are a critical step in targeting services.

However, program managers are not the only decision makers in the service delivery system. Individual applicants decide whether or not to seek services. Even among eligibles, not all apply. It is incorrect to assume a 100% labor force participation rate for those with labor market disadvantages. There has been no mandate for program registration as there has been in the WIN proram or as proposed for workfare. There should not be. The best way for employment and training programs to guarantee a work ready employee for business is to draw participants from among those who freely seek out program opportunities.

Finally, it is important to realize that targeting can be done and undone in the same piece of legislation by "special provisions". Legislative provisions for special consideration, special emphasis, or special efforts in behalf of certain groups dilute the effect of targeting. Efforts directed toward groups with particular characteristics point back toward categorical programs. The more groups that are targeted through special provisions, the less targeted the program becomes. The purpose of targeting is to maximize the impact of funds on problems. It is essential to preserve this purpose in the legislation.

IV. THERE IS A DIFFERENCE BETWEEN THOSE WHO DON'T STAND A CHANCE WITHOUT WELFARE, AND THOSE WHO ONLY NEED A CHANCE TO GET OFF WELFARE.

The topic above cites the essential difference between employment and training and income maintenance programs. Many unemployed persons are entirely closed off from access to good jobs because they lack necessary work skills and basic education. Without employment opportunities, their dependence on income maintenance programs becomes one of the last of a narrow range of options for survival. On the other hand, employment and training programs create the opportunities that people need to escape welfare dependence and move to economic independence. Without access to jobs, the disadvantaged unemployed are tax-eaters, a public burden, a waste of valuable human resources. With skills training, they are tax producers whose productivity ripples throughout the economy.

It has been suggested that a general revitalization is the solution to the nation's economic problems. Widespread benefits would conceivably result from the "rising tide". This is certainly a worthwhile goal. However, the only boats that rise with the tide are the ones that can float. No benefits will accrue to those who are closed off from labor market participation because of skill deficits.

This is especially serious in view of recent research which indicates that unemployment creates its own vicious cycle. In a recent article published by the Brookings Institution, Frank Levy, an economist for the Urban Institute, found that job prospects for those workers at the lowest end of the employability scale dropped precipitously between 1964 and 1978. Past work experience was strongly associated with the chances of finding employment. There is a growing permanence to labor force status in which past labor market experience plays a major role in future employability.

This has implications beyond the needs of the disadvantaged unemployed. The nation's older urban areas and blue collar workers have experienced substantial employment dislocations because of fluctuations in the business cycle and long term economic trends. For instance, the manufacturing industry was the traditional backbone of the urban economy. Now, manufacturing is expanding in less populous rural areas and smaller cities at the expense of older urban centers. Furthermore, the recurrent recessions of the past decade have fallen with particular severity on blue collar workers. National employment levels in the 1980 recession fell off by the hundreds of thousands in just a few weeks time. The short term effects of recession and long term changes in the location of industry add to the problems of localities with large numbers of disadvantaged unemployed. The perception of a large, inactive labor pool spurs disinvestment by entrepreneurs who perceive individuals as unemployable mainly because they have been unemployed. Labor is a significant cost factor for private industry. It is not surprising that employers are unwilling to take the risk of a labor pool they believe is uncertain.

There can be no revitalization in America if it is purchased for some areas at the expense of others. There can be no national revitalization if the needs of the disadvantaged unemployed are ignored. There can be no national revitalization without a strong employment and training policy.

Such a policy has at least three premises.

The first premise is simply this - unemployment is costly. In January, of this year, Rudolph Oswald, AFL-CIO Director of Economic Research, testified before the Senate Committee on Banking, Housing, and Urban Affairs on the devastating effect of high unemployment of the budget. He stated "Each percentage point of unemployment costs the federal treasury $25-$30 billion in lost tax revenues and social costs." It is important to recognize that there are costs involved in whatever course of action the nation follows. There is a basic choice to be made - do we want to pay for idle workers, or for productive workers?

The second premise is that the American worker is not an idler. The opposite could hardly be true when we see news reports on how more than a thousand persons lined up for just eight assembly line jobs recently - jobs that weren't even advertised; and when we hear about 3,000 Chicago steel workers who unwillingly faced prospects of drawing public payments rather than salaries when Wisconsin Steel closed last year - and many of them with literally decades of job experience. There is a lot of mythology around about "those who don't want to work."

The third premise is that problems won't get any better by being left alone. The crisis in unemployment and national productivity calls for active developmental solutions that increase the skills of the nation's workers rather than passive policies of compensation that provide income maintenance. A passive stance will make America a victim of quickly changing technology and labor market needs. An active policy to increase the national bank of skills and abilities will go a long way toward keeping American industry competitive and increasing American workers on the job.

Income maintenance is no substitute for "opportunity creating" employment and training programs. The social safety net has limits. Its costs are burdensome. Welfare is not a viable option for the unskilled unemployed who only need an opportunity. Neither is workfare which is nothing more than a makework substitute activity that still drains funds from government revenues. Employment and training programs are qualitatively different. Program costs are investments, not payments. The investment matures quickly through increased taxes and decreased social costs.

Those unable to support themselves through no fault of their own should be able to depend on government for assistance. Those who need job opportunities don't need welfare.

V. CONSIDERATIONS OF EFFICIENCY, ECONOMY, AND THE UNIQUE POSITION OF PRIME SPONSORS TO ADDRESS LOCAL PROBLEMS SPEAK FOR THE CONTINUATION OF THE CURRENT DELIVERY SYSTEM.

The original CETA legislation enacted not so much a new program as a set of new relationships. A system of checks and balances among federal, state, and local units of government was designed to permit local flexibility within a framework of national objectives. States were given the role of conducting programs in the balance-of-state areas and providing assistance to all sponsors within the state. Prime sponsors were free to choose service deliverers, subject to giving due consideration to established programs of demonstrated effectiveness.

One of CETA's original aims was to consolidate the myriad manpower programs under one administrative umbrella. Before this consolidation, the Labor Department, as well as other federal agencies, contracted directly with local service deliverers to fund their operations. This system turned out to be administratively complex, as well as difficult to monitor and assess.

With the inception of CETA, this unwieldy and highly inefficient system was reorganized into the current prime sponsor system. The prime sponsor system was chosen because it represented the best compromise between an exclusively federal-run program, and one directed locally. It was recognized by Congress and the Labor Department that local governments were the best agents to operate manpower programs. This was based on the reasoning that local leaders, in close proximity to the people and problems, were better situated to identify and address their particular local needs than either federal or state officials.

In spite of the inherent efficiency of the prime sponsor system, it has been suggested pursuant to the "New Federalism" currently permeating Washington, that employment and training block grants be allocated to states for dissemination to local governments. We vigorously oppose this suggestion. Not only does it run contrary to CETA's longstanding principles of decentralization and local control, but it creates another unnecessary level of administrative bureaucracy to further complicate the system of service delivery.

State officials have as little familiarity with the particular needs of local governments as do their federal counterparts. And local governments, especially those with different agendas or political constituencies, fear that their needs will not be addressed by the state in an equitable manner.

It is also important to recognize that the process of initiating or redirecting a large national effort like CETA expends an enormous amount of resources in the form of time, money, and human effort. It is difficult, if not impossible, to maintain a level of services when staff throughout the system assume new roles and establish new organizational relationships. Such massive structural changes exact enormous costs. To incur such costs in a period of budgetary retrenchment can only curtail services that are already limited.

The current prime sponsor system has proven itself to be the most efficient mechanism through which to deliver employment and training services. To abandon this system would greatly hamper the ability of the local government to efficiently identify and respond to a variety of local problems and conditions. The prime sponsor system is uniquely suited to implement local activities in response to nationally determined initiatives.

VI. EMPLOYMENT AND TRAINING PROGRAMS ARE AN INVESTMENT IN THE HUMAN CAPITAL OF THE NATION. THE PRIVATE SECTOR IS THE VEHICLE THROUGH WHICH THE NATION CAN EARN A RETURN ON ITS INVESTMENT.

Productive and profitable industry has always been the source of our economic well being. Yet, American industry has exhibited a tendency to emphasize short term profits at the expense of long-term investment. The current administration is trying to remedy the "short-term" mentality by encouraging increased savings and capital investment. In response to this initiative, it is appropriate for both government and business to join in a partnership at the national and local level to meet the long-term investment needs of the nation. It is also essential to recognize that our economy relies on the development of human capital as well as physical capital.

Government has traditionally provided the infrastructure for industry in the form of highways, harbors and other public works, while industry provided the capital for plant and equipment. Now, government has the opportunity to invest in the human infrastructure which is essential to industry in an era of increased job complexity and highly developed technology. If increased investment is called for, then there should be renewed support for a concerted yet decentralized effort to increase America's human capital through employment and training programs.

Eli Ginzberg, former chairman of the National Commission for Manpower Policy has pointed out that human capital has become the "critical input that determines the rate of growth of the economy and the well being of the population...simply put, it is the expansion of the knowledge, skills, imagination, ideas and insights of working people that creates the margins from which physical capital is accumulated leading through productive investments to the further accumulation of capital".

No prudent investor subscribes to an enterprise which yields no return. Likewise, government should not invest its capital in non-productive ventures, but in activities which yield a return on its investment. Job training is such an enterprise.

It is important to point out that before enrollment, program participants are unemployed and economically disadvantaged. Without employment & training programs they would probably be dependent, idle, or employed below their potential. Instead, they are becoming productive contributors to the economy. They will spread the tax burden, decrease expenditures for income maintenance, and participate in the market place with money they have earned. This certainly is a substantial return on the investment of the taxpayer's money.

In comparison, federal funds spent on welfare payments are non-productive. They only maintain the status quo. However, through federal investment in occupational training, an individual acquires skills which can establish him as a productive member of the labor force. Through the government's investment and the individual's effort, a productive worker is created. Through the taxes he pays, the government's initial investment will be repayed—with interest.

It is essential that the business community join with government to promote this type of productive investment; the investment in human capital. To facilitate a cooperative venture of this type, programs must offer the business community the appropriate incentives for participation.

Programs should be characterized by:

- administrative simplicity to make private sector participation as painless as possible;
- incentives and "risk reduction" strategies that minimize the potential private sector losses from pursuing innovative efforts; and
- guarantees that the workers hired from CETA job training activities are better prepared to be productive workers than those individuals which business can hire from off the street.

Business and government share a common interest in the economic well being of the nation. It is therefore appropriate, if not essential, that they join in a common effort to meet the long-term investment needs of the economy. And, by their joint action, strengthen and expand American industry, the wellspring of our economic and political health.

VII. JUST AS OBJECTIVES SHOULD BE FOCUSED AND SERVICES SHOULD BE TARGETED TO THE MOST IN NEED, SO SHOULD MANDATES FOR COORDINATION BE SPECIFIC AND CAREFULLY CHOSEN.

There exists in the CETA system a direct link between policy formulation and policy implementation. This link is the administrative structure of the local program administrator. It is through this link, which coordinates the independent efforts of the various parties to the CETA system, that policy is transformed into action.

Theoretically, overall employment policy should clearly delineate the responsibilities and objectives of each party to the employment and training system. It should emphasize the complementary aspects and common concerns of such diverse entities as employment and training services, welfare policy, economic development, and unemployment insurance policy.

Realistically the effective coordination of so many diverse activities under the aegis of one set of programmatic controls would be extremely difficult. Each has its own legislative mandate, administrative bureaucracy, programmatic objectives, eligibility criteria and target populations. The inevitable turf battles would only serve to exacerbate the problem.

In the past, the federal government mandated certain programmatic linkages with which CETA prime sponsors were to comply. These mandated linkages did not prove to be successful everywhere at all times. They were designed, instead, to meet the expediencies inherent in any legislation having a national scope; inevitably sacrificing effectiveness for homogeneity.

CETA prime sponsors were strongly advised to establish programmatic relationships with such diverse entities as the State Employment Security Agency, local educational agencies, public assistance programs, the Veterans Administration, organized labor and various community-based-organizations. As in most cases, quantity does not automatically denote quality. The number of linkages alone does not necessarily result in a better program.

The CETA system should be freed up to operate exclusively through those linkages which have been proven to be successful. The choice of which linkages are developed should be determined by what works.

Effective coordination cannot be mandated; it cannot be produced upon demand. Rather, it is accomplished through the creation of an environment where selected productive linkages are encouraged through a system of incentives. There already exists a precendent for this in the incentive bonus offered to prime sponsors for linkages with economic development activities authorized in CETA Title VII.

In the past, prime sponsors were asked to develop cooperative agreements with agencies who had no reciprocal commitment. A mandate to coordinate for one party is meaningless if the other party is uninterested, or uncooperative. This forced prime sponsors to deal with agencies who had no authority or commitment to cooperate with them.

Take for example the Employment Initiatives program devised by the Carter Administration. It was part of a domestic policy designed to link federal economic and community development programs with federal employment and training efforts in order to place economically disadvantaged and unemployed persons in private sector jobs. Following extensive negotiations, a number of federal agencies agreed to reserve a share of the employment opportunities resulting from federally financed development projects for CETA eligibles.

To date, there has been no followup study to determine if the agreements were being observed, or if in fact the "cooperating agencies" had taken any action beyond their "paper" commitment.

Unfortunately, this is typical of many interagency cooperative agreements which hold no incentive for the participants to act in concert, nor any effective sanction for their refusal to participate. Future agreements mandating cooperative efforts between CETA and other agencies should either be reciprocal, or they should be rejected.

VIII. THE REAUTHORIZATION OF EMPLOYMENT AND TRAINING PROGRAMS REPRESENTS AN OPPORTUNITY TO BUILD ON PAST STRENGTHS AND SUCCESSES

Critics of CETA frequently allege that it has failed to achieve the objectives for which it was designed; that billions of dollars were spent for employment and training programs with no perceivable benefit. The rhetoric is currently knee-deep surrounding the issue of CETA's accomplishments. But we must cut through the declamation to view the facts.

The measure of a program's success is determined by its ability to achieve its stated objectives in a reasonable manner, and at a reasonable cost.

Federal officials have continually impelled local CETA program administrators to adopt various conflicting, often contradictory goals in pursuit of an obscure and ill-defined employment policy. National leadership has often vacillated between the divergent strategies of structural and countercyclical objectives; making it difficult if not impossible to effectively structure coherent programmatic activities.

Social equity programs devised and operated by the government are inevitably fraught with controversy. And the judgements concerning the value of the CETA program are often lost in emotional, ideological or political considerations.

The benefits of employment and training programs are not as easily measured as their apparent costs. And, government often operates on the principle that is cheaper not to pay for something than to pay for it. This is ostensibly true, but there are hidden costs which are often overlooked.

Is it cheaper to create long-term dependence upon government largess by subsidizing able-bodied individuals to be non-productive through welfare payments? Or is it more cost effective to spend those same dollars creating self-sufficient, productive individuals whose efforts augment rather than diminish our economic well-being?

CETA prepares formerly nonproductive individuals for productive employment. This investment in human capital is repaid, not only through the sweat of their labor, which increases our economic productivity, but through the taxes paid on their earnings.

What isn't often considered by critics of the employment & training system is that we offer assistance to those who have the greatest employment obstacles to overcome. We are being asked to do in a fraction of the time and with a fraction of the resources what the educational system has systematically been unable to do - prepare individuals to be productive members of society.

The problems which beset those who seek CETA assistance are not limited to simply being unemployed, they go much deeper. The business community has known for a long time that it costs more to hire employees who lack basic educational skills, good work habits and attitudes, as well as occupational skills. These employees don't have the foundation upon which to build a productive work experience.

Rather than attempt costly large-scale training in basic occupational skills, the private sector has generally been in competition for work ready individuals, preferring to pay more for existing labor than to prepare more people.

Employment & training programs, specifically CETA have tried to remedy this situation. It has intentionally addressed the structurally unemployed, the most difficult population segment to prepare for participation in the labor market. It has done this in an atmosphere of administrative misdirection and confusion. Each year the scope of CETA was altered to suit the needs of political expediency with little concern for how well the program could adapt to a constant state of change. I shall not lay the blame for this at any particular door; there is enough blame to go around.

All things considered, CETA is a fairly remarkable employment and training apparatus. It is sensitive to the pressures of the nation's economic needs. Consider for instance the rapid PSE build-up ordered by the Congress during the 1974-1975 recession, when 725,000 individuals were placed in temporary employment programs. A less flexible system would never have been able to respond so readily.

In Chicago we have placed more than 18,000 unemployed and disadvantaged individuals into private sector employment since CETA reauthorization in 1978. The numbers of people may not seem dramatic, but they are enormously important, as anyone who has been employed through CETA can attest.

In fiscal year 1980, more than half of those placed in employment reported no previous wage upon entering the program. The average wage for those entering private sector employment was $4.25 an hour. As Isabel Sawhill, an economist with the Urban Institute point out, "These programs have enormous rates of return. They don't need to be justified on equity grounds, they are just plain efficient."

In the final analysis to find out if employment & training programs have been a success, ask someone who's been there. Ask one of the hundreds of thousands of individuals nationwide who were unskilled or idle, who now labor productively in the marketplace, because employment & training programs like CETA were there to lend a hand.

Senator QUAYLE. Larry Buboltz.

I'm glad to see you in person.

Larry and I have had the opportunity to appear at remote distance on the McNeil/Lehrer report about a month ago, wasn't it?

Mr. BUBOLTZ. About a month; July 1.

Senator QUAYLE. July 1.

Welcome to Indianapolis.

Mr. BUBOLTZ. It's nice to meet you, sir.

Senator QUAYLE. Go ahead and proceed.

STATEMENT OF LARRY BUBOLTZ, RURAL MINNESOTA CONCENTRATED EMPLOYMENT PROGRAM, INC., AND PRESIDENT, NATIONAL ASSOCIATION OF COUNTY EMPLOYMENT AND TRAINING ADMINISTRATORS

Mr. BUBOLTZ. Senator Quayle, my name is Larry Buboltz, and I am the director of Rural Minnesota CEP, a CETA prime sponsor, serving 19 counties in northwestern Minnesota.

I am privileged to address you today on the subject of the employment and training system in the United States. The thoughts I share with you are not mine alone. They represent the carefully considered position of the National Association of Counties, as well as the real world view of the CETA program, as it is seen through the eyes of experienced operators in rural Minnesota.

From these varied perspectives, three primary objectives for the employment and training policy in the United States have come into focus.

First, employment and training programs must be designed to bring long-term unemployed, economically disadvantaged people, back into the American economic life.

Individuals who lack job skills and experience should have access to training and job search assistance so that they, by their efforts, cannot only become self-sufficient, but, also, improve their earning and purchasing capacity. This Nation can ill-afford the financial and human costs of transfer payments which reward nonproductivity among its able-bodied citizens.

Second, a national training and employment program should be responsive to the private sector needs, for workers with appropriate skills, workers who can learn employers' specific skills, and workers who are savvy to the unwritten rules of the workplace. But while meeting employer needs, we must never forget that national productivity is, in fact, based on individual productivity. We must prepare individuals to succeed.

Third, the national employment and training policy should also provide jobs during periods of high unemployment caused by economic depression in the private sector. It is far better to pay people to do worthwhile public services, during periods of economic depression, than it is to pay them to do nothing.

Fortunately, most people in this country still believe that productive work gives them dignity. Let's assure that our national employment and training policy reinforces that belief.

How can these objectives be achieved? I believe, first of all, by retaining the existing prime sponsor system, and removing the shackles of unwieldy regulations and intervention at the Federal and regional levels.

The current prime sponsor system, I believe, has proven its flexibility and ability to respond to the mandates of Congress, from a simple two title program in 1973, it was expected to provide countercyclical employment in 1975; it planned and implemented a successful youth program in 1977; in 1978, it implemented the new regulations and the new law; and in 1981, closed down the public service employment program.

That's five major changes to a program in slightly over 7 years. I believe that in each of these instances the prime sponsor system has reacted promptly and efficiently to the wishes of Congress.

Let this prime sponsor system continue to develop a locally controlled, national employment and training system, which responds to the needs of both local business and workers.

Clearly, certain revisions are needed to increase the productivity of this system. I would like to highlight several of these.

First, establish a single community-based advisory council, heavily representative of the local business community. Give this council a responsibility for identifying groups of local population who face substantial barriers to self-sufficient employment, and allow that council to target programs and overcome these barriers.

Next, reduce the employment and training program of the future to two titles, a comprehensive title formula allocated, and a national program and priorities title.

The first title would offer all the services currently available to CETA-eligible persons. The activities offered should be planned locally, and should include a private sector work experience program. This component would provide participants a realistic introduction to work in the private sector at minimal cost to the employer.

The second title, the discretionary title, would provide much needed funding for Indian and migrant programs, in addition to funding other national priorities. This title would also be used to reward prime sponsors who develop innovative programs in concert with other employment and training agents. Such incentive funds would encourage consortial efforts toward labor market areas far better than legislative mandate.

It is a mistake to think that the profit motive does not exist in the public sector. In connection with the profit motive approach, I would submit that if prime sponsors, were offered economic incentives for improved performance, placement rates would rise, more minorities, women, and handicapped persons would be served, and a more cost effective program would result.

This title would return innovation to the employment and training program.

Finally, eligibility requirements should be standardized for the entire program.

If this national policy existed, and if it were given stability through legislative authorization for 10 years, the benefit would accrue to the structurally unemployed, to business and industry, and to the American taxpayer, through a significant reduction in nonproductive income transfer payments and an increase in the productivity of the labor force as a whole.

Thank you.

Senator QUAYLE. Thank you very much.

[The prepared statement of Mr. Buboltz follows:]

NATIONAL ASSOCIATION OF COUNTIES

POSITION PAPER ON CETA REAUTHORIZATION

July 11, 1981

The National Association of Counties endorses re-enactment of the Comprehensive Employment and Training Act (CETA). There is a vital need for a continuing and strengthened employment and training system. If we are to maintain a competitive and productive labor force, meet the needs of American industry for scarce skilled labor, and assist the structurally unemployed citizens of this nation to become economically self-sufficient, then a renewed and enhanced commitment to employment and training is required. That commitment must also include a recognition that public and private resources must be engaged in a joint venture. The experience of local government in the administration of employment and training programs, at the level most responsive to local citizenry, and the expertise of the business community, must be forged together.

This paper represents the position of NACo on some of the basic elements of such a reauthorized employment and training bill.

ISSUE: Purpose

The question has been posed as to what are the appropriate purposes of employment and training legislation.

Position:

NACo supports the delineation of three basic purposes for employment and training programs:

1. To assist the structurally unemployed to acquire marketable job skills, employment, and economic self-sufficiency, thereby

reducing the alternative costs of public assistance, unemployment insurance and other income maintenance systems.

2. To assist American industry in meeting its needs for scarce skilled labor, thereby enhancing the productivity and production output of the national and local economies.

3. To fill job deficits during periods of high unemployment, when the private economy is unable to provide sufficient jobs for the American work force.

In each of these purposes, it is essential that CETA be viewed as an economic program intended to reinforce and support revitalization of the national economy. The social benefits from an economic policy that increases jobs, trains needed skilled workers, reduces income maintenance costs, and brings the disenfrachised into the productive work force are obvious and natural consequences of an economic policy that provides for the active use of employment and training programs to address labor market disfunctions.

ISSUE: Definition of Prime Sponsor

The recipients or prime sponsors of employment and training funds currently are states, units of general local government with a population of 100,000, and consortia of units of general local government. Recently, discussion has focused on re-defining "prime sponosor". One option being discussed is the creation of labor-market-area-wide consortia which would be the recipients of employment and training funds.

Another option under consideration is to 'bloc grant' employment and training programs to states.

Position:

NACo supports the current definition of prime sponsor as described in Section 101(a) of the Current Act.

The current system is supported because of its capacity for:

- Accountability
- Responsiveness
- Resource Mobilization

Local governments can be held accountable, both financially and politically for their actions in administration of the CETA program. "Regional Labor Market Boards" or other such non-governmental structures would have little accountability for their actions. Local elected officials must be responsive to the expressed needs of the local community. No other level of government, state or federal, is in a position to be more responsive. Particularly critical to economic development initiatives is the capacity of local governments to affect zoning ordinances, local tax abatement initiatives, and development of local industrial infrastructures.

This capacity for the mobilization and coordination of local resources and governance structures argues strongly for the continued use of local governments as the basic organizing principle for prime sponsorship. NACo supports the deletion of 606(b)(1) regarding the definition and role of program agents. However, because of the unique structure of balance of state (BOS) prime sponsors, we would recommend that BOS prime sponsors be required to continue to make arrangements with BOS counties and substate regions for a significant role in the planning and operation of local programs.

It is NACo's position that consortium bonuses should be legislatively required at a percentage that would provide true financial incentives for such arrangements. This would encourage local governments to create consortia and provide labor-market-area-wide services. The current financial incentive for consortia, based upon a DOL determined percentage of only the prime sponsor's Title II-B grant, does not represent any real incentive. Further, with the level of consortia incentives at DOL's discretion, it has been clear over the past several years that to sustain such incentives requires a legislative mandate. In addition, NACo urges that the myriad of programmatic barriers to consortia arrangements in current legislation and regulations be eliminated (e.g., residency restrictions, outstationing prohibitions, annual re-affirmation and plan approval requirements, etc.) to remove current disincentives to consortia arrangements. NACo recognizes the value of encouraging labor market-wide approaches, where appropriate. Such efforts should be encouraged by incentives rather than by forced mandates. The current provisions for incentives are not sufficient to have represented any real test of the incentive approach.

ISSUE: Structure of CETA

The Comprehensive Employment and Training Act (CETA) was designed at the time of enactment in 1973 to provide employment and training programs and services through a consolidated and comprehensive approach. This comprehensive approach has been fragmented by a number of amendments to CETA. In 1977 the Youth Employment and Demonstration Projects Act (YEDPA) was created as a separate CETA title solely for the purpose of providing services to youth. The enactment of the Private Sector Initiatives Program (PSIP) in 1978 focused on CETA private sector programs, Title VII. The consolidated comprehensive delivery of services, based on the needs of the locality, has been categorized into eight legislatively mandated programs: Title II-B, Title II-C, Title II-D, YETP, YCCIP, SYEP, Title VI, Title VII.

Position:

NACo supports a two-title employment and training system. The first title, which we will call the Consolidated Employment & Training Grant would include all funds to be formula allocated to prime sponsors. The second title--a National Programs and Priorities Title--would contain funds for national programs, Indian and migrant programs, the Secretary's discretionary funds, and funds for consortia incentive and performance incentives. The National Program Title should also include additional discretionary allocations to expanding labor market areas and for communities where training is needed for workers who migrate to expanding job market areas.

The Employment and Training Consolidated Grant would consist of three tiers:

Tier 1 - Basic Services
Tier 2 - Youth Services
Tier 3 - Services to High Impact Areas.

Tier I would represent the most substantial portion of funds to be allocated to prime sponsors. All eligible prime sponsors would receive funds under this tier through a needs-based formula. All activities currently allowable under any title of CETA would be allowable under Tier I, with the addition of private sector work experience. The choice of program mix would be the exclusive prerogative of local prime sponsor choice, as well as emphasis on populations determined locally to be most in need of services.

Tier 2 would provide an allocation of resources (through a needs-based formula) to prime sponsors, to be exclusively used for serving youth ages 14 through 21. As in Tier 1, all activities currently allowable under any CETA title would be eligible activities under Tier 2, (including private sector work experience) with the choice of program mix left to prime sponsors.

Tier 3 would allocate additional resources(only) to prime sponsors, or areas within prime sponsors, experiencing high and sustained unemployment. Eligible activities (and the eligible population) would be the same as for Tier 1 and 2. The purpose of this title is to allocate additional funds to high impact areas that are particularly hard-pressed by high and sustained unemployment.

NACo's recommendation that these be considered as separate "tiers" within a single grant, rather than as separate "titles" is significant. NACo opposes these as three separate grants with parallel and duplicative management systems. As three "tiers", they represent components of prime sponsor's total financial allocation under the Consolidated Employment and Training Grant. Once allocated, all funds would merge their identity for purposes of a single grant, single reporting system, common audit, and unified management system, avoiding the need for detailed cost allocation plans at the local level. The only exception being that it is recognized that a system must be established to insure that at least the amount of funds allocated under Tier 2 were spent on persons ages 14 through 21.

ISSUE: Advisory Council

The prime sponsor Planning Advisory Council was created as an integral part of the employment and training system. The advisory council brought to the program local concerns, ideas and perspectives on the needs of the economically disadvantaged and unemployed and how to meet those needs in a comprehensive program. With enactment of YEDPA a separate youth council was mandated to work on the problems of and solutions to youth unemployment. The creation of PSIP mandated a Private Industry Council with a goal of involving the private sector more directly in CETA. The result is three councils, two of which are focused on specific aspects of employment and training programs, rather than a comprehensive approach to the delivery of employment and training programs.

Position:

NACo supports the establishment of a consolidated employment and training council which would have more than a simple advisory role. We would not oppose the council having concurrence authority with the prime sponsor as long as there is a provision which states that if concurrence cannot be reached, the ultimate authority rests with the chief elected official.

The council should have significant or majority representation from private business and industry. The balance of the council should reflect the community in general, the client population, and organizations interested in employment and training programs, as determined by the prime sponsor based on local conditions. The prime sponsor should provide the appropriate professional, technical and clerical assistance to the council.

Even though NACo supports the mandating of no more than one council, provisions should be made that local prime sponsors may create separate or adjunct councils, based upon local needs and conditions.

ISSUE: Eligibility Criteria

The eligibility criteria for all but two of the CETA titles differ. These different criteria confuse both staff and applicants, and add enormous complexity and paperwork to program administration. In addition, nationally mandated target groups force prime sponsors to provide services disproportionately to certain segments of the local eligible population.

Position:

NACo supports the following eligibility criteria for the Consolidated

Employment and Training Grant:

- unemployed or underemployed (7 days); and
- family income not to exceed 100 percent of the lower living standard income level.
- Ages 14-21 (for Tier 2 only).

In addition, a portion of funds available for the consolidated employment and training grant should, at the discretion of the prime sponsor, be available for services to target group applicants with non-income-based employment barriers, as defined by the prime sponsor (e.g., handicap, offenders, etc.).

Upgrading and retraining eligibility criteria stated in Section 221(b)(3) should be continued, with a broadening of the eligibility for retraining to include receipt of a layoff notice or having been laid off within the last 12 months. Prime sponsors should determine the percentage and program mix of upgrading and retraining provided, based on local conditions, taking into consideration the need to retrain displaced workers.

NACo supports the concept of targeting employment and training programs to those most in need. However, the individual groups to be targeted should be determined by the prime sponsor based on local conditions.

ISSUE: Private Sector Involvement

Current requirements and restrictions on employment and training activities discourage private sector involvement in these programs. On-the-job training (OJT) provisions for 50 percent reimbursement provide insufficient incentives for private employer participation. For an employer who may be paying $10 per hour to a supervisor to work with an OJT trainee, reimbursement at $1.75 or $2.00 per hour is insufficient to to compensate for lost productivity.

Position:

NACo supports high support OJT which would allow prime sponsors the flexibility to provide up to 100 percent initial reimbursement with gradual reductions negotiated to match trainee skill acquisition.

In addition, NACo supports a more flexible reimbursement policy for work experience in which participants may be placed on a private sector work site, but remain on the prime sponsor's payroll for up to 90 days. This would allow the employer and the participant a "try out" period before the participant is placed into an OJT position, or is hired by the employer.

ISSUE: Performance Based Management

The performance of the CETA system has been debated for a number of years. The CETA act and regulations force prime sponsors to manage their programs based on process rather than performance. Prime Sponsors have had to devote the largest percentage of their time and energy to an array of processes such as Independent Monitoring Units, reporting systems and numerous grant modifications. The actual performance outcomes of the program have not been a priority to DOL.

It is has been suggested that prime sponsors must begin to concentrate on performance management. In order to focus on this approach, an additional funding distribution mechanism is suggested. The new mechanism would allocate a portion of total funds to prime sponsors based upon their performance.

Position:

NACo would support a performance based incentive over and above funds allocated under the Consolidated Employment and Training Grant. These funds would be provided to prime sponsors who exceed their performance goals by some degree, pursuant to a distribution process eatablished by the Secretary. The performance standards would have to be mutually agreed upon at the beginning of the fiscal year, and be able to be modified if local economic conditions change. The "performance incentive bonuses" would be funded from the National Program and Priorities Title. The bonus would be provided to prime sponsors by the end of the first quarter of the fiscal year following the year in which the performance standards were met. Such performance incentives would not only encourage higher performance, but would force a clear delineation of precisely what was considered acceptable performance for CETA programs, and would build a system to establish a performance track record for CETA.

ISSUE: Administrative Costs

The administrative requirements of CETA have been expanded with every amendment and regulation. Regardless of the amount of funds a prime sponsor receives, it must continue to comply with the administrative requirements such as funding an Independent Monitoring Unit, an equal employment opportunity officer, and a management information system capable of tracking participants' duration of participation by program activity and generating elaborate cross-tabulated reports.

Significant administrative expenses will continue to exist even if the system moves from a process management approach to a performance management approach. Small to medium prime sponsors will continue to be in jeoparady.

The current definition of "administrative costs" and the varying percentages primes are allowed to contribute to the administrative cost pool, (i.e., Title IIB 20%, IID 15%, YETP 20%, YCCIP 5%, VI 10%), thwarts prime sponsors' ability to maintain expenditures within the required percentages. In addition, charges for bona fide "services" are incorrectly forced into the "administration" cost category. This results in strained administrative budgets and disincentives to expand services to participants and employers.

Position:

NACo supports the current Title IIB administrative cost contribution percentage of twenty percent for the Consolidated Employment and Training Grant. A provision for the waiver of this percentage must be included to assist small and medium size prime sponsors that are able to meet program requirements within such a percentage.

NACo also recommends that the existing definition of administrative costs be redefined to exclude program support costs that are directly related to the service and support functions. The following activities are recommended as deletions from the administrative cost category:

- Collection of labor market information.
- Gathering/disseminating information to participants and employers about CETA.
- Technical assistance to employers to increase their involvement with the program.
- Depreciation or maintenance of non-classroom space; staff training; consultant services under contract not involving direct training or services to participants.
- Costs of monitoring and providing technical assistance to contractors and subrecipients.
- Participant related grievance and EEO procedure costs.
- Costs of supervisory staff engaged in service delivery activities.

This redefinition would more accurately reflect the assignment of costs to the appropriate cost categories and provide more administrative funds for the necessary administrative functions.

Also, NACo supports the current administrative cost pool (ACP) procedures, with a separate ACP account within the Consolidated Employment and Training Grant.

ISSUE: Audits and Liabilities

The CETA statute and regulations virtually require prime sponsors to subcontract with other governments and non-profit community organizations. Prime sponsors must "guarantee" the funds they subcontract out to these municipalities and organizations. This means that if errors are committed by subgrantees, prime sponsors must pay for these errors out of local funds, regardless of who was at fault for the error which resulted in the disallowance.

A second audit-related issue is the requirement that prime sponsors operate an "error free" program with no allowance for human error. CETA is a complicated piece of legislation which, historically, has been administered through constant changes in regulations and administrative policy. Over 400 field memoranda are issued yearly which often result in confusion as to what policy is in effect and when. Human error based on revised instructions which are not received by the staff in time and/or understood is inevitable.

Position

CETA prime sponsors should not be held liable (i.e., required to "guarantee" funds), for the disallowed costs of subgrantees when the cause for disallowance of costs was through no fault of the prime sponsor. The Department of Labor should collect all disallowed costs directly from the subgrantee.

Secondly, an acceptable error rate must be established. An acceptable error rate should create a realistic mechanism to alleviate prime sponsors' liabilities for human error.

Issue: Tax Credits

The use of tax credits as a stimulant for the private sector to become involved in employment and training programs has been tested through such programs as the Targeted Jobs Tax Credit (TJTC). The results of these tests are not in yet and may not be for some time.

Position:

NACo supports the use of employment tax credits as a concept which is compatible with the current employment and training system. However, the eligibility for tax credit programs should be the same as those for the consolidated employment and training grant and retroactive certification should not go beyond ninety days. In addition, the tax credit delivery system must be integrated with the employment and training system to insure common procedures, reports and processes.

ISSUE: Forward Funding

Forward funding of employment and training programs has been needed since its enactment in 1973. The planning process for employment and training programs requires long range plans and contracts to insure a comprehensive and cohesive delivery system. The current funding process does not provide prime sponsors with final fiscal year allocations until after the fiscal year has begun. In addition, in recent years prime sponsors have had their allocations reduced in the middle of the fiscal year. The state of uncertainty created by this process makes it extremely difficult to maintain a stable, cohesive delivery system.

Position:

NACo strongly supports and urges the adoption of forward funding for employment and training programs. No other single change could more greatly improve the overall effectiveness of employment and training programs.

ISSUE: Economic Development

Economic development is a tool for the advancement of employment and training opportunities. Economic development requires a long term commitment of funds which current restrictions in the CETA funding carry-over policy prohibit.

Position:

Prime Sponsors should be allowed to carry into the following fiscal year funds identified for and/or committed to long-term economic development projects, in addition to their allowable carry-over.

ISSUE: Period of Authorization

CETA has been in a constant state of flux because of amendments which redirected the system. CETA was initially authorized in 1973 for four years. Title VI was added in 1974. CETA was given a one year simple extension in 1977, at which time the Youth Employment and Demonstration Projects Act (YEDPA) was authorized for three years. In 1978, CETA was reauthorized for four more years with Title VII, the Private Sector Initiative Program (PSIP), authorized for two years. In 1980, the YEDPA was given a simple extension and PSIP was reauthorized through fiscal year 1981. In 1981, the YEDPA program was reauthorized, consolidating the youth programs for fiscal year 1982.

The reauthorization and amendment process CETA has undergone has drastically disrupted the system. The thrust of the program has been constantly changing, making it extremely difficult for prime sponsors to have any institutional stability for their programs or to build a professional staff.

Position:

NACo supports the ten year authorization of an employment and training act. This would give the program institutional stability, depolitize the system and enhance prime sponsors' capability of retraining a professional staff.

ISSUE: Complaints Procedure

Prime sponsors are often faced with "frivolous" complaints that result in a waste of staff time and resources. In addition, the current complaint procedure is too complex, involving not only the prime sponsor but the Department of Labor and outside hearing officers. The current time frames of 60 and 120 days are often useful when resolving small issues; however, in more complex issues these time frames work against prime sponsors' attempting to resolve the complaint informally.

Position:

Prime Sponsors should have the right to adjudicate complaints as long as the prime sponsor is prompt and fair in its adjudication. NACo would accept a time frame for resolution of 120 days for the prime sponsors and 180 days for the Department of Labor. Only in cases where the grievance is against the prime sponsor should the Department of Labor adjudicate the complaint or receive appeals.

In addition, there should be a process in which the prime sponsor may file a complaint against the Department of Labor.

ISSUE: Grants/paperwork

Prime sponsors have identified a number of concerns in this area. First of all the grant application process is overly prescriptive, requiring reams of paperwork which no one uses. Secondly, the signed grant is binding on the prime sponsor but not on DOL. Thirdly, the private sector is concerned with the excessive amounts of paperwork and "red tape" that is forced on them if they want to be involved in employment and training programs. The result is that a disproportionate amount of staff time must be spent on grant/paperwork requirements rather than program outcomes. The Department of Labor reneges on the prime sponsor's grant and it becomes a one-sided agreement.

Position:

The grant should be a binding contract between the prime sponsor and the Department of Labor. The grant should be limited to a statement of what programs and services the prime sponsor intends to provide and the results to be achieved, without the excessive detail it now requires on how it will accomplish these goals. Paperwork and red tape whould be reduced to a minimum to encourage private sector involvement and to allow management energy to be focused upon program outcomes rather than process. NACo supports the replacement of an annual plan with a multi-year plan with annual submissions limited to funding and service level data.

ISSUE: Vocational Education Linkage

Currently, CETA prime sponsors are mandated to coordinate with local education and vocational education agencies. Those mandates have been reinforced.by funding set aside (e.g., 22% of YETP funds for LEA's and 6% Governors Grant funds for prime sponsor/vocational education agreements). However, effectuation of meaningful linkages has been handicapped by the absence of such mandates on the education side. Further, evidence indicates that incentives rather than mandated set asides are more effective in encouraging effective relationships.

Position:

NACO supports the use of incentives rather than mandated funding set asides to encourage CETA - education linkages. The current 22% LEA set aside in YETP should be eliminated and replaced by the availability of incentive funds from the National Programs and Priorities Title for prime sponsors who enter into cooperative program agreements. Likewise, the 6% vocational education set aside in the Governor's Grant should be folded into the prime sponsors allocation under Tier I of the Consolidated Employment and Training Grant, with incentive funds made available from the National Program and Priorities Title for innovative program linkages. The funding of such efforts from the national title is consistent with the national level priority to be given such cooperative relationships.

NACo also urges similar provisions to be made in vocational education legislation regarding incentives for linkages to prime sponsor programs.

ISSUE: Summer Youth Program

Current legislation provides for a summer youth program separate from other prime sponsor youth programs, with a separate eligibility and grant mechanism. This limits the ability of prime sponsors to integrate its various youth activities.

Position:

The summer youth employment program should be folded into Tier 2 (Youth Programs) of the Consolidated Employment and Training Grant, allowing the prime sponsor to locally determine the proper allocation of youth monies between year round activities and employment programs during the summer months.

The above positions, in concert with the NACo American County Platform on Employment, represent the structure, policies and positions that NACo urges for incorporation into a reauthorized employment and training bill.

Senator QUAYLE. Mr. Wince.

STATEMENT OF GREGORY D. WINCE, EXECUTIVE DIRECTOR, CENTRAL OHIO RURAL CONSORTIUM, AND CHAIRMAN, OHIO CETA DIRECTORS ASSOCIATION

Mr. WINCE. Good morning.

Senator QUAYLE. Good morning.

Mr. WINCE. I am Greg Wince, and I am accompanied, today, by my colleague, John Kelleher. We're here representing the Ohio CETA Directors Association. I appreciate this opportunity to testify, and for the record, we are submitting a draft outline of a block grant proposal for consolidated human economic development, and our full testimony.

The time has arrived to restore public confidence and support with a clear, consistent, national employment and training, and job creation policy.

We believe there are better ways of conducting our business, and improvements demand significant legislative revision.

The major problems that we must resolve are the decline of productivity growth, the lack of sufficient jobs and prepared workers, and the present overcommitment and underutilization of available resources for domestic assistance.

We must set general economic policy objectives that address these problems, and those specifically related to employment and productivity policy should be the elimination of work disincentives, the training of unskilled workers for entry level positions, the training and retraining of experienced and workers facing lay-off, and the creation and expansion of employment.

We are proposing a national human economic development program that consolidates employment training and job creation efforts. The purpose of the program would simply be to create sufficient employment opportunities for all able workers, and provide employers with a more productive work force.

We ask that the currently existing programs, or proposed programs, be disengaged, and many of their functions consolidated into a simple, comprehensive human economic development initiative. Some of these programs are CETA, WIN, trade adjustment assistance, extended benefits of unemployment insurance, community development grants, the enterprise zone concept, urban development action grants, small business administration assistance, State employment security assistance, proposed work-fare programs, and the many targeted jobs tax credit approaches.

John.

Mr. KELLEHER. Instead, we suggest a four title legislative block grant. One title for administrative provisions; another targeted for the poor, uneducation, chronically unemployed, handicapped, and traditional public assistance recipients; another targeted for the general unemployed population, especially those experienced and blue-collar workers who could more readily be retrained for higher skilled labor shortages; and, last, one targeted for economic development activities.

With this consolidation of programs and reduction of work disincentives accomplished, we estimate that savings to the Federal Government could exceed $8 billion annually.

We also believe that consolidating employment training and economic development efforts would facilitate the targeting and coordination of employment opportunities. The economic development activities funded by our proposed program would be directed to the expansion of jobs, through financial incentives to employers, and supplements for additional public service facilities that directly encourage business expansion.

The distribution of resources from human economic development programs should be on a 2-year funding cycle, and the overwhelming percentage allocated to units of local government by formula on the basis of local economic needs.

We strongly support a human economic development system that has a decentralized management structure, and a decategorized service design.

The primary role of the Federal Government in this system should establish the laws and the general overall policy, provide general parameters through regulation.

The role of State government should expand, especially in the administrative coordination of human economic development programs, but we do adamantly oppose providing States with wide discretionary authority for block grant funds.

Under this structure, the leadership role of the Private Industry Council at the local level is essential, and the integrity of their appointments protected by 6-year terms.

We propose a general economic development strategies that concentrate on high technology, agribusiness, energy-related, communications, and military support occupation, and those that promote the success and expansion of small business and service related industries.

The structure of local program management will allow incentives that encourage productive worker and employer-employee incentives. This assumption can be realized with an emphasis on local programing as a service to private employers, the relaxation of legislation and regulations restricting job training and economic development activities with private for-profit employers, and more productive long-range, locally designed alternatives to work-fare or public service employment—such as required job seeking instruction and search activities, parttime public and/or private work experience, job auditioning, participation of personal development activities and supportive services—that encourage productivity rather than dependency.

Specifically, other associated Federal legislative and regulatory revisions must accompany the human economic development block grant program, including more restrictive eligibility criteria reducing food stamp, general relief, and other public assistance programs; elimination of the job service labor exchange function; increased business depreciation schedules for capital expenditures; elimination of WIN; and, the complete segregation of job training, employment, and job creation services from income maintenance systems for needy individuals.

There are almost limitless advantages for the public and private sector in an act that will provide a decentralized, decategorized system of consolidated and targeted human economic development programs, and these we will leave to the creativity of those enacting future legislation dealing with these issues.

And this concludes, Senator, a summary of our testimony. We thank you very much for this opportunity to appear.

Senator **Quayle**. Thank you for coming. We appreciate it.

[The prepared statement and additional material supplied by Mr. Wince follow:]

TESTIMONY PRESENTED BY:	GREGORY D. WINCE AND JOHN KELLEHER Ohio CETA Directors Association Employment & Training Reform Committee
TESTIMONY PRESENTED TO:	SENATE SUBCOMMITTEE ON EMPLOYMENT & PRODUCTIVITY
TESTIMONY PRESENTED AT:	United States District Court House Old Federal Building, Second Floor 46 East Ohio Street Indianapolis, Indiana
TESTIMONY PRESENTED ON:	August 26, 1981, 9:00 a.m.

"Senator Quayle and Distinguished Members of the Senate Subcommittee on Employment and Productivity."

I AM GREG WINCE AND I AM ACCOMPANIED BY MY COLLEAGUE, JOHN KELLEHER. WE ARE BOTH EXECUTIVE DIRECTORS OF MULTI-JURISDICTIONAL CETA PROGRAMS IN OHIO, AND WE ARE HERE REPRESENTING THE OHIO CETA DIRECTORS ASSOCIATION. WE ARE BOTH RECENT PAST CHAIRMEN OF THE OHIO ORGANIZATION, AND BOTH CURRENTLY SERVE ON THE REGION V EMPLOYMENT AND TRAINING COUNCIL FOR THE DEPARTMENT OF LABOR, AND THE REGION V CETA DIRECTORS ASSOCIATION EXECUTIVE BOARD.

WE APPRECIATE THIS OPPORTUNITY TO TESTIFY IN BEHALF OF OHIO, AND WE COMMEND YOUR EFFORTS TO CREATE THIS PUBLIC DIALOGUE REGARDING THE AIMS, SHAPE AND FUTURE OF SOME VERY IMPORTANT DOMESTIC ISSUES.

ALTHOUGH JOHN AND I HAVE WHAT WE ASSESS TO BE CONSIDERABLE EXPERIENCE IN MANAGING CETA PROGRAMS, WE ARE HERE TODAY TO SUGGEST THAT CETA NOT BE REAUTHORIZED AS IT EXISTS. WE KNOW THAT THE CETA SYSTEM HAS BEEN FAR MORE PRODUCTIVE THAN ITS IMAGE, FROM THE CONGRESSIONAL PERCEPTION OR GENERAL PUBLIC AWARENESS. WE KNOW THE SYSTEM HAS BEEN EXTREMELY RESPONSIVE TO SOME VERY INCONSISTENT POLICY OBJECTIVES, A

MULTIPLICITY OF PUBLIC EXPECTATIONS AND, CONTINUALLY VACILLATING FEDERAL MANAGEMENT. WERE IT NOT FOR THE COMMITMENT, ABILITIES, COURAGE AND FLEXIBILITY OF MANY LOCAL CETA STAFF...AND THE BASIC DECENTRALIZED DESIGN OF THE LEGISLATION....THE POLICY MANIPULATIONS AND PUBLIC CONFUSION THAT HAVE BEEN CONSISTENTLY PRESCRIBED UPON THE CETA SYSTEM WOULD HAVE BEEN MORE SELF-DEFEATING THAN HAS ALREADY BEEN EXPERIENCED.

HOWEVER, THE TIME HAS ARRIVED TO RESTORE PUBLIC CONFIDENCE AND SENSIBILITY TO A NATIONAL EMPLOYMENT-TRAINING AND JOB-CREATION SYSTEM. WE BELIEVE THERE ARE CONSIDERABLY BETTER WAYS OF CONDUCTING THIS BUSINESS...AND SIGNIFICANT IMPROVEMENT REQUIRES CONSIDERABLE REVISION, INCLUDING RE-SHAPING AND RE-NAMING EMPLOYMENT-TRAINING AND JOB-CREATION LEGISLATION.

CONSIDERABLE COURAGE WILL BE REQUIRED OF OUR PRESIDENT AND THE CONGRESS TO ESTABLISH MORE PRODUCTIVE, OVER-ALL ECONOMIC GOALS, PRIORITIZE CLEAR DOMESTIC POLICY OBJECTIVES AND IMPLEMENT MORE EFFICIENT, EFFECTIVE DOMESTIC ASSISTANCE TO ACHIEVE THESE GOALS.

LAST SPRING, I WAS DELIGHTED TO HEAR A BANQUET SPEECH BY ANOTHER NATIVE OHIOAN WHO NOW HAPPENS TO BE THE HIGHLY SUCCESSFUL BASKETBALL COACH AT YOUR OWN INDIANA UNIVERSITY...MR. BOBBY KNIGHT. DURING HIS VERY INSPIRATIONAL REMARKS, COACH KNIGHT MADE THE ANALOGY OF THE OYSTER AND THE EAGLE. HE BEGAN BY NOTING THAT GOD CREATED BOTH ANIMALS. HE EXPLAINED THAT WHEN GOD CREATED THE OYSTER, HE GUARANTEED HIM ABSOLUTE ECONOMIC AND SOCIAL SECURITY. HE BUILT THE OYSTER'S HOUSE OF SHELL FOR PROTECTION. WHEN HE IS HUNGRY, THE OYSTER SIMPLY OPENS HIS SHELL AND FOOD RUSHES IN...HE DOESN'T FIGHT ANYONE AND DOESN'T GO VERY FAR.

IN CONTRAST, COACH KNIGHT POINTED OUT THAT WHEN GOD CREATED THE EAGLE, HE GAVE HIM THE SKY AS A DOMAIN. NESTED ON THE HIGHEST CRAGS AND THREATENED DAILY BY STORMS, THE EAGLE FLIES THROUGH GUSTY WINDS, RAIN AND SNOW TO FIND WHAT ARE DIFFICULT

AND LIMITED FOOD SUPPLIES. HE SCREAMS DEFIANCE AT THESE ELEMENTS AND GOES ABOUT HIS BUSINESS...BUILDING HIS OWN LIFE...AND WHEN HE IS AROUSED, HE IS A VICIOUS FOE TO HIS ENEMIES.

THE EAGLE...NOT THE OYSTER...IS THE SYMBOL OF AMERICA: THIS COUNTRY HAS ALL THE OYSTERS IT CAN SUPPORT AND NEEDS AS MANY EAGLES AS WE CAN CAPTURE IN OUR LEGISLATURES, BUSINESSES AND INDUSTRIES...AND THROUGHOUT THE COLLECTIVE GROUP OF MILLIONS OF INDIVIDUALS COMPRISING OUR POTENTIAL WORKFORCE.

OBVIOUSLY, IT WOULD BE BLASPHEMY, HERE IN INDIANA, TO ARGUE WITH COACH KNIGHT'S PHILOSOPHY OR SUCCESS. NOR WOULD WE OHIOANS CARE TO DO ANYTHING BUT SUPPORT HIS PREMISE FOR PROMOTING MORE EAGLES AND LESS OYSTERS. CERTAINLY HIS LEVEL OF ACHIEVEMENT IN COACHING WOULD BE WELCOMED BY THE PUBLIC IF IT COULD BE TRANSFERRED TO ORGANIZING AND MANAGING OUR DOMESTIC POLICIES.

THE APPLICATION OF HIS ANALOGY IS VERY FITTING TO OUR TESTIMONY...BECAUSE WE CALL FOR A DOMESTIC POLICY THAT RESTORES OUR NATION TO A POSITION OF LEADERSHIP IN OUR INTERNATIONALLY COMPETITIVE ECONOMY.

THE MAJOR PROBLEMS WE MUST RESOLVE ARE:

1. THE DECLINE IN PRODUCTIVITY GROWTH OF OUR ECONOMY
2. THE LACK OF SUFFICIENT JOBS AND PREPARED WORKERS
3. THE PRESENT OVER-COMMITMENT AND UNDER-UTILIZATION OF OUR AVAILABLE FEDERAL RESOURCES FOR DOMESTIC ASSISTANCE.

AS A RESULT OF THESE PROBLEMS, OUR PRIMARY OVER-ALL ECONOMIC GOALS SHOULD BE TO... (a) CONTROL THE INFLATION OF WAGES AND PRICES...(b) CREATE EMPLOYMENT... (c) PROMOTE INDIVIDUAL ECONOMIC SELF-SUFFICIENCY...AND CONSEQUENTLY, (d) INCREASE THE QUALITY OF LIFE FOR ALL OUR CITIZENS.

WE MUST ARRANGE GENERAL ECONOMIC POLICY OBJECTIVES THAT FACILITATE ACHIEVING THESE GOALS. THESE INCLUDE INCREASING PRODUCTIVITY, STIMULATING THE CREATION OF WEALTH FOR ADDITIONAL SAVINGS AND INVESTMENTS, REDUCING FEDERAL SPENDING AND DEPENDENCY ON GOVERNMENT FOR NON-ESSENTIAL SERVICES, LOWERING INTEREST RATES, SLOWING TAX INCREASES AND PROMOTING EMPLOYMENT OPPORTUNITIES THROUGH PRIVATE BUSINESS DEVELOPMENT AND COMPETITION.

THE SPECIFIC OBJECTIVES OF EMPLOYMENT AND PRODUCTIVITY POLICY SHOULD BE:

... THE ELIMINATION OF WORK DISINCENTIVES

... THE TRAINING OF UNSKILLED WORKERS FOR ENTRY-LEVEL POSITION

... THE TRAINING AND RETRAINING OR UPGRADING OF EXPERIENCED AND LAID-OFF OR ENDANGERED WORKERS

THE FACILITATION OF BUSINESS DEVELOPMENT AND JOB CREATION ARE NECESSARY STEPS TO ACCOMPLISH THE OBJECTIVES OF: THE PROMOTION OF A PRIVATE/PUBLIC SECTOR PARTNERSHIP IN ADDRESSING ECONOMIC PROBLEMS...THE CONSOLIDATION AND EFFECTIVE MANAGEMENT OF FEDERAL RESOURCES DIRECTED TOWARD EMPLOYMENT OPPORTUNITIES...AND THE ASSISTANCE IN ECONOMIC DEVELOPMENT EFFORTS FOR DISTRESSED AREAS.

OUR PROPOSAL FOR A NATIONAL HUMAN-ECONOMIC DEVELOPMENT PROGRAM CALLS FOR THE CONSOLIDATION OF EMPLOYMENT-TRAINING AND JOB-CREATION EFFORTS, THE PURPOSE OF WHICH IS TO CREATE SUFFICIENT EMPLOYMENT OPPORTUNITIES FOR ALL ABLE WORKERS, AND TO PROVIDE EMPLOYERS WITH A MORE PRODUCTIVE WORK FORCE WITHOUT HIGHLY-INFLATED WAGES.

WE ASK THAT THE FOLLOWING CURRENTLY EXISTING OR PROPOSED PROGRAMS BE DISENGAGED AND MANY OF THEIR FUNCTIONS CONSOLIDATED INTO A SINGLE, COMPREHENSIVE HUMAN-ECONOMIC DEVELOPMENT LEGISLATIVE INITIATIVE:

- ... CETA
- ... WIN
- ... TRADE ADJUSTMENT ASSISTANCE
- ... UNEMPLOYMENT INSURANCE - EXTENDED BENEFITS
- ... COMMUNITY DEVELOPMENT GRANTS
- ... THE "ENTERPRISE ZONE" CONCEPT
- ... URBAN DEVELOPMENT ACTION GRANTS
- ... SMALL BUSINESS ADMINISTRATION ASSISTANCE
- ... STATE EMPLOYMENT SECURITY ASSISTANCE
- ... THE "WORKFARE" CONCEPT
- ... TARGETED JOBS TAX CREDITS

OUR LEGISLATIVE BLOC GRANT WOULD BE ORGANIZED AS FOLLOWS:

- ... TITLE ONE - ADMINISTRATIVE PROVISIONS
- ... TITLE TWO - EMPLOYMENT-TRAINING SERVICES FOR THE STRUCTURALLY UNEMPLOYED
- ... TITLE THREE - TRAINING AND RETRAINING SERVICES FOR THE UNEMPLOYED AND WORKERS FACING LAYOFF
- ... TITLE FOUR - ECONOMIC DEVELOPMENT ACTIVITIES

WE WOULD TARGET TITLE TWO TO THE POOR, UNEDUCATED, CHRONICALLY UNEMPLOYED, HANDICAPPED AND TRADITIONAL PUBLIC ASSISTANCE RECIPIENTS. WE WOULD TARGET TITLE THREE TO THE GENERAL UNEMPLOYED POPULATION, ESPECIALLY THOSE EXPERIENCED AND BLUE-COLLAR WORKERS WHO COULD MORE READILY BE RETRAINED FOR HIGHER-SKILLED LABOR SHORTAGES.

WE WOULD RECOMMEND A BUDGET FOR HUMAN-ECONOMIC DEVELOPMENT PROGRAMS AT $16 BILLION DOLLARS, WITH 45 PERCENT DIRECTED AT SERVICES FOR THE STRUCTURALLY UNEMPLOYED, 20 PERCENT FOR THE TRAINING AND RETRAINING OF THE GENERAL UNEMPLOYED, AND 35 PERCENT FOR AREA ECONOMIC DEVELOPMENT ACTIVITIES.

THE POLICY WE ARE ADVOCATING AND THE BUDGET LEVEL WE SUGGEST IS DIRECTLY DEPENDENT UPON THE CONSOLIDATION OF EXISTING PROGRAMS AND ASSOCIATED POLICY REVISIONS THAT WOULD NEARLY ELIMINATE EXISTING WORK DISINCENTIVE SYSTEMS AND SEVERELY RESTRICT THE ELIGIBILITY FOR PUBLIC ASSISTANCE AND FOOD STAMP RECIPIENTS.

WERE THIS CONSOLIDATION OF PROGRAMS AND REDUCTION OF WORK DISINCENTIVES TO BE REPLACED BY OUR PROPOSED STRUCTURE AND FUNDING LEVEL OF HUMAN-ECONOMIC DEVELOPMENT PROGRAM, A CONSERVATIVE ESTIMATE OF BUDGET SAVINGS TO THE FEDERAL GOVERNMENT WOULD EXCEED $8 BILLION DOLLARS ANNUALLY.

WE ALSO BELIEVE THAT IT MAKES SENSE TO CONSOLIDATE THE EMPLOYMENT-TRAINING AND ECONOMIC DEVELOPMENT EFFORTS NATIONALLY, SO THAT EMPLOYMENT OPPORTUNITIES ARE TARGETED AND COORDINATED. THE ECONOMIC DEVELOPMENT ACTIVITIES FUNDED BY A HUMAN-ECONOMIC DEVELOPMENT PROGRAM WOULD BE RESTRICTED TO THE EXPANSION OF JOBS, PRIMARILY THROUGH THE PROVISIONS OF FINANCIAL INCENTIVES AND TRAINING SERVICES FOR EMPLOYERS... AND BY SUPPLEMENTING ADDITIONAL PUBLIC SERVICE FACILITIES THAT DIRECTLY ENCOURAGE BUSINESS EXPANSION. THOSE TRADITIONALLY SUBSIDIZED ACTIVITIES, OTHER THAN RELATED TO ENERGY DEVELOPMENT, THAT DO NOT DIRECTLY INCREASE EMPLOYMENT OPPORTUNITIES SHOULD NOT BE ALLOWED UNDER THIS PROGRAM.

IN DISTRIBUTING THE APPROPRIATIONS FOR OUR BLOC GRANT IMPLEMENTATION, THE LARGEST PERCENTAGE WOULD BE ALLOCATED TO LOCAL UNITS OF GOVERNMENT FOR HUMAN-ECONOMIC DEVELOPMENT PROGRAMS. THE ALLOCATION OF THESE FUNDS WOULD BE MADE ON A TWO-YEAR FUNDING CYCLE...AND WOULD BE DISTRIBUTED ON THE BASIS OF ECONOMIC NEED, AS ESTABLISHED BY THE NUMBER OF UNEMPLOYED...THE NUMBER OF UNEMPLOYED IN EXCESS OF 6.5 PERCENT... AND THE RELATIVE NUMBER OF POOR INDIVIDUALS. A MAXIMUM OF FIFTEEN (15) PERCENT OF ALLOCATIONS IN EACH TITLE WOULD BE ALLOWABLE TO LOCAL PROGRAMS FOR ADMINISTRATIVE COSTS.

WE DO RECOMMEND A FINANCIAL INCENTIVE SYSTEM FOR CONSOLIDATION OF LOCAL HUMAN-ECONOMIC PROGRAMS INTO MULTI-JURISDICTIONAL AND LABOR MARKET AREA DESIGNS... WITH FUNDING BONUSES AWARDED TO CONSORTIA, AND ADDITIONAL INCENTIVES PROVIDED TO LOCAL PROGRAMS THAT ENCOMPASS ONE OR MORE COMPLETE, DEFINED LABOR MARKET AREAS.

WE STRONGLY URGE THE CREATION OF A HUMAN-ECONOMIC DEVELOPMENT SYSTEM THAT ESTABLISHES A DECENTRALIZED MANAGEMENT STRUCTURE AND DECATEGORIZED SERVICE DESIGN.

THE PRIMARY ROLE OF THE FEDERAL GOVERNMENT IN THIS SYSTEM IS TO:

... ESTABLISH THE LAWS AND GENERAL OVER-ALL POLICY
... PROVIDE GENERAL PARAMETERS THROUGH REGULATION
... ESTABLISH A UNIFORM MANAGEMENT DATA SYSTEM
... EVALUATE NATIONAL AND STATE-WIDE PROGRAM PLANS AND PERFORMANCE
... ESTABLISH COMPLIANCE AND AUDIT STANDARDS, SANCTIONS AND APPEALS PROCESS
... MANAGE LIMITED DISCRETIONARY FUNDS FOR DEMONSTRATION, RESEARCH AND EVALUATION PROJECTS.

THE ROLE OF STATE GOVERNMENTS WOULD EXPAND, ESPECIALLY IN COORDINATION OF HUMAN-ECONOMIC DEVELOPMENT PROGRAM PLANS. HOWEVER, WE ADAMANTLY OPPOSE THE SYSTEM-WIDE DISCRETIONARY FUNDING OF PROGRAMS UNDER THIS EFFORT BY THE STATE...AND THE SYSTEM MUST HAVE FEDERALLY ESTABLISHED ALLOCATION REQUIREMENTS THAT DISTRIBUTE RESOURCES TO LOCAL PROGRAMS BASED UPON ECONOMIC NEED.

THE PRIMARY FUNCTIONS OF STATE GOVERNMENT WOULD BE:

... ADMINISTER PROGRAMS AS PRIME SPONSOR FOR UNITS OF LOCAL GOVERNMENT OR LABOR MARKET AREAS NOT ELIGIBLE FOR DIRECT FUNDING

... SERVE AS MANAGEMENT INFORMATION AND DATA COLLECTION/REPORTING SOURCE FOR ALL PRIME SPONSORS IN THE STATE TO FEDERAL GOVERNMENT

... PROVIDE STATE-WIDE MANAGEMENT TRAINING AND TECHNICAL ASSISTANCE NETWORK FOR ALL LOCAL-ELECTED OFFICIALS, PRIVATE INDUSTRY COUNCIL MEMBERS AND STAFF INVOLVED WITH EMPLOYMENT-TRAINING AND ECONOMIC DEVELOPMENT DELIVERY THROUGH POLITICALLY INDEPENDENT TRAINING INSTITUTES

... OPERATE APPROPRIATE STATE-WIDE EMPLOYMENT-TRAINING AND ECONOMIC DEVELOPMENT ACTIVITIES THAT EXTEND ACROSS, BENEFIT AND ARE APPROVED BY OTHER LOCAL, MULTI-JURISDICTIONAL AREAS WITHIN THE STATE

... MONITOR LEGAL COMPLIANCE AND ASSIST IN COORDINATING THE INDEPENDENT AUDIT PROCESS OF ALL PRIME SPONSORS AND FEDERALLY-SUBSIDIZED ACTIVITIES WITHIN THE STATE

... ESTABLISH AND MONITOR ETHICS STANDARDS FOR PROGRAM OPERATORS AND ADMINISTRATORS

... ADMINISTER LIMITED FUNDS FOR DEMONSTRATION, RESEARCH OR EXPERIMENTAL LINKAGE PROJECTS

... CONSOLIDATE LOCAL REPORTS INTO ONE STATE-WIDE REPORT TO THE FEDERAL GOVERNMENT

... REQUEST FEDERAL GOVERNMENT SANCTIONS ON LOCAL PRIME SPONSORS VIOLATING THE LAW, OR PURPOSELY OR SYSTEMATICALLY FAILING TO COMPLY WITH FEDERAL REGULATIONS OR ESTABLISHED ETHICAL STANDARDS.

EACH LEVEL OF GOVERNMENT INVOLVEMENT WOULD HAVE A COMMISSION (FEDERAL) AND PRIVATE INDUSTRY COUNCIL (STATE AND LOCAL). THE ROLE OF THE PRIVATE INDUSTRY COUNCIL AT THE LOCAL LEVEL WOULD BE STRONGLY EMPHASIZED AND THEIR INTEGRITY PROTECTED BY SIX (6) YEAR TERMS. THEY WOULD BE INTEGRALLY INVOLVED IN THE PLANNING, IMPLEMENTATION AND EVALUATION OF LOCAL PROGRAMS. THIS INVOLVEMENT IS ESSENTIAL TO PROVIDE THE LOCAL EMPLOYERS WITH MEANINGFUL ASSISTANCE AND TO GAIN THE BROAD-BASE SUPPORT NECESSARY FOR THE LONG-RANGE SUCCESS OF ANY EMPLOYMENT AND TRAINING AND ECONOMIC DEVELOPMENT EFFORTS.

THE HUMAN-ECONOMIC DEVELOPMENT PROGRAM MUST FOCUS UPON PREPARING WORKERS TO MEET EMPLOYER NEEDS FOR BOTH HIGHLY-SKILLED AND ENTRY LEVEL EMPLOYMENT REQUIREMENTS. WE MUST ABANDON THE WORK DISINCENTIVE AND PUBLIC ASSISTANCE PROGRAMS THAT HINDER PRODUCTIVITY AND PERSONAL INITIATIVE.

WE MUST ASSUME ECONOMIC DEVELOPMENT STRATEGIES THAT FOSTER GROWTH IN HIGH TECHNOLOGY, ENERGY-RELATED, COMMUNICATIONS AND MILITARY SUPPORT COMPANIES, AND ALSO CONCENTRATE UPON THE SUCCESS AND EXPANSION OF SMALL BUSINESSES AND SERVICE INDUSTRIES.

THE FLEXIBILITY OF LOCAL PROGRAM MANAGEMENT AND DESIGN OF HUMAN-ECONOMIC DEVELOPMENT PROGRAMS SHOULD FACILITATE ACTIVITIES AND SERVICES THAT ENCOURAGE PRODUCTIVE WORKERS AND EMPLOYER/EMPLOYEE INCENTIVES FOR ACCOMPLISHMENT. THIS ASSUMPTION CAN BE REALIZED BY INCLUDING THE FOLLOWING:

... EMPHASIS ON LOCAL PROGRAMMING AS A SERVICE TO PRIVATE EMPLOYERS

... ENCOURAGEMENT OF LOCAL CONSOLIDATION AND PRIORITIZATION OF ALL HUMAN RESOURCE SERVICES

... RELAXATION OF LEGISLATION AND REGULATIONS RESTRICTING JOB TRAINING AND ECONOMIC DEVELOPMENT ACTIVITIES WITH PRIVATE-FOR-PROFIT EMPLOYERS

... ELIMINATION OF RESTRICTIONS ON LOCAL PROGRAMS TO ESTABLISH WAGE AND ALLOWANCE PAYMENT RATES, SUBSTITUTED BY LOCAL DECISIONS ON THESE INCOME FACTORS

... ENCOURAGEMENT OF MORE PRODUCTIVE, LONG-RANGE, LOCALLY DESIGNED ALTERNATIVES TO PROPOSED "WORKFARE" OR CURRENT PUBLIC SERVICE EMPLOYMENT ATTEMPTS FOR GENERAL RELIEF OF RECIPIENTS, INCLUDING REQUIRED JOB-SEEKING INSTRUCTION AND SEARCH ACTIVITIES, PART-TIME PUBLIC AND/OR PRIVATE WORK EXPERIENCE OR JOB AUDITIONING, PARTICIPATION IN PERSONAL DEVELOPMENT ACTIVITIES AND ALTERNATIVE SUPPORTIVE SERVICES THAT ENCOURAGE PRODUCTIVITY, RATHER THAN DEPENDENCY.

SEVERAL REVISIONS TO CURRENT GOVERNMENTAL PROGRAMS THAT EFFECT THE POTENTIAL OUTPUT OF A CONSOLIDATED JOB-TRAINING AND EMPLOYMENT CREATION EFFORT MUST BE INSTITUTED SIMULTANEOUSLY WITH THE IMPLEMENTATION OF A HUMAN-ECONOMIC DEVELOPMENT BLOC GRANT THESE REVISIONS ARE INTENDED TO, IN GENERAL TERMS: (1) REDUCE FEDERAL SPENDING; (2) MINIMIZE DUPLICATIVE OR UNPRODUCTIVE SERVICES: (3) RESTRICT ELIGIBILITY TO THOSE THAT MUST DEPEND ON CERTAIN SUBSIDIES; (4) ENCOURAGE PRODUCTIVITY AND PERSONAL INTEGRITY WHILE ELIMINATING WORK DISINCENTIVES; AND... (5) ELIMINATE RESTRICTIVE LEGISLATION AND REPLACE IT WITH POLICIES FOR PROMOTING FREE ENTERPRISE.

SPECIFICALLY, THE FEDERAL LEGISLATIVE AND REGULATORY REVISIONS THAT MUST ACCOMMODATE

THE HUMAN-ECONOMIC DEVELOPMENT PROGRAM ARE:

... HIGHLY RESTRICTED ELIGIBILITY CRITERIA CAUSING MAJOR REDUCTIONS IN FOOD STAMP, GENERAL RELIEF AND OTHER PUBLIC ASSISTANCE PROGRAMS

... ELIMINATION OF THE NATIONAL EXTENDED BENEFITS PROGRAM FOR UNEMPLOYMENT COMPENSATION

... ELIMINATION OF THE JOB SERVICE LABOR EXCHANGE FUNCTION

... INCREASED BUSINESS DEPRECIATION SCHEDULES FOR CAPITAL EXPENDITURES

... ELIMINATION OF WIN AND THE COMPLETE SEGREGATION OF JOB-TRAINING, EMPLOYMENT AND JOB-CREATION SERVICES FROM INCOME MAINTENANCE SYSTEMS FOR NEEDY INDIVIDUALS

... THE PROPOSED "WORKFARE" PROGRAMS BE ABANDONED AND SUBSTITUTED WITH MINIMUM WAGE COMMUNITY AND PRIVATE SECTOR WORK EXPERIENCE PROGRAMS UNDER HUMAN-ECONOMIC DEVELOPMENT PROGRAMS

... CONTINUATION AND EXPANSION OF NEW JOBS TAX CREDITS FOR EMPLOYERS AND INCREASE THEIR WORK FORCE

... REDUCTION OF DAVIS-BACON RESTRICTIONS ON COMPARABLE WAGE PROVISIONS

THERE ARE ALMOST LIMITLESS ADVANTAGES FOR THE PUBLIC AND PRIVATE SECTOR IN ENACTING A DECENTRALIZED, DECATEGORIZED SYSTEM OF CONSOLIDATED AND TARGETED HUMAN-ECONOMIC DEVELOPMENT PROGRAMS, INCLUDING:

... A PRODUCTIVITY-ORIENTED APPROACH TO FEDERALLY SUBSIDIZED HUMAN SERVICES AND ECONOMIC DEVELOPMENT

... THE DIRECT IMPLEMENTATION OF GOVERNMENT SERVICES ASSISTED BY EXPERIENCED PRIVATE SECTOR LEADERSHIP

... CONSOLIDATION OF ADMINISTRATION AND PROGRAM OPERATIONS THAT PROVIDE BETTER COORDINATION AND DELIVERY OF SERVICES AT LESS COST

... AN INCREASED COMMUNICATION, ELIMINATION OF PUBLIC CONFUSION AND IMPROVED IMAGE, VISIBILITY AND POLITICAL SUPPORT FOR PROGRAMS

... RESOURCES TARGETED TO PEOPLE AND GEOGRAPHIC AREAS WITH MOST SOCIO-ECONOMIC NEEDS FOR ASSISTANCE

... THE MAINTENANCE AND IMPROVEMENT OF A PUBLIC "ADVOCACY" POSTURE FOR PRODUCTIVE NEEDS OF UNEMPLOYED, UNSKILLED, LOW-INCOME PEOPLE

... CREATION OF MORE OPPORTUNITY FOR SELF-SUFFICIENCY AND LESS REPETITION OF ECONOMIC DEPENDENCY AND WORK DISINCENTIVES

... IMPLEMENTATION OF DEVICES TO FACILITATE PROGRAM AS A SUPPLEMENT TO, NOT SUBSTITUTION FOR PRIVATE ECONOMIC GROWTH

... BALANCED APPROACH OF RESOURCES DISTRIBUTION TO URBAN AND RURAL AREAS

... THE PROVISIONS FOR POSITIVE, PRODUCTIVE DIRECTIONS TO HUMAN SERVICES IN A TRUE ECONOMIC CLIMATE...INSTEAD OF MANIPULATED, FINANCIALLY AND EMOTIONALLY-DISCOURAGING APPROACHES

SUMMARY

OUR PROPOSAL FOR A NATIONAL HUMAN-ECONOMIC DEVELOPMENT PROGRAM ADDRESSES THE CRITICAL PROBLEMS OF A DECLINE IN PRODUCTIVITY, THE LACK OF PREPARED ENTRY-LEVEL AND SKILLED WORKERS, AND THE OVER-EXTENDED, INEFFICIENT USE OF FEDERAL SUBSIDIES TO ASSIST IN EMPLOYMENT-TRAINING AND JOB-CREATION.

A NUMBER OF DUPLICATIVE, AND SEVERAL INEFFECTIVE, CURRENT FEDERAL EFFORTS ARE CONSOLIDATED INTO A SIMPLIFIED, COORDINATED APPROACH OF FUNCTIONS THAT ARE INSTRINSICALLY INTER-RELATED TO POLICY OBJECTIVES. PREPARING AN AREA ECONOMY FOR EXPANSION, CREATING NEW JOBS AND PREPARING WORKERS TO MEET EMPLOYER NEEDS REQUIRE THE INTEGRAL ROLE OF THE PRIVATE SECTOR IN THE PLANNING OF THESE SERVICES. OUR PROPOSAL PROVIDES EMPLOYER INPUT IN A DECENTRALIZED, DECATEGORIZED MANAGEMENT SYSTEM THAT, AT THE LOCAL LEVEL, MOST ADEQUATELY PERMITS INVOLVEMENT, ACCESSIBILITY, RELATIVITY AND PRODUCTIVITY OF PUBLIC-PRIVATE PARTNERSHIPS.

WHILE THE HUMAN-ECONOMIC DEVELOPMENT PROGRAM CONTINUES TO TARGET SERVICES FOR THE UNSKILLED, UNEDUCATED AND STRUCTURALLY UNEMPLOYED, THE SYSTEM ALSO TARGETS A PART OF ITS RESOURCES TO THOSE EXPERIENCED, MORE SKILLED WORKERS WHO ARE LAID-OFF OR FACING UNEMPLOYMENT, AND WHO CAN MORE EXPEDITIOUSLY BE RETRAINED FOR MANY OF THE HIGH SKILL DEMANDS REQUIRED OF OUR EXPANDING TECHNOLOGICAL OCCUPATIONS. THE SYSTEM ALSO TARGETS ITS SERVICES TO AREA EMPLOYERS...ESPECIALLY SMALL BUSINESSES.

THE FUNDING LEVEL FOR THIS PROGRAM IS BASED UPON THE NUMBERS OF INDIVIDUALS NEEDING TRAINING AND JOBS, THE COSTS OF THE PROGRAMS CONSOLIDATED INTO THIS BLOC GRANT, AND THE COST-SAVINGS ACCOMPANYING THE REDUCTIONS IN THE ASSOCIATED FEDERAL PROGRAMS THAT WILL RESULT IN THE TRANSFER OF CLIENT RECIPIENTS INTO THE HUMAN-ECONOMIC DEVELOPMENT PROGRAMS. THE ALLOCATION OF FUNDS IS DISTRIBUTED STRICTLY ON THE BASIS OF THE ECONOMIC NEED OF STATES AND LOCAL AREAS...AND THE TWO-YEAR PLANNING AND FUNDING CYCLE WILL PROVIDE MORE CONSISTENCY AND DEPENDABILITY FOR THE SYSTEM IN DEALING WITH EMPLOYERS AND THE PUBLIC. THE INCENTIVES FOR CONSORTIA AND LABOR MARKET AREA MANAGEMENT WILL ENCOURAGE MULTI-JURISDICTIONAL COOPERATIVES AND ADMINISTRATIVE COST SAVINGS.

THE MANAGEMENT STRUCTURE OF THIS PROPOSAL CALLS FOR THE FEDERAL GOVERNMENT TO ASSUME THE LEADERSHIP ROLE IN DEVELOPING GENERAL POLICY OBJECTIVES AND CONSISTENT MANAGEMENT. IT PRESCRIBES AN EXPANDED ROLE OF STATE GOVERNMENTS YET LEAVES THE PRIMARY PLANNING AND IMPLEMENTATION OF SERVICES WITH LOCAL OFFICIALS AND EMPLOYERS. THIS IS THE LEVEL OF GOVERNMENT THAT IS BEST ABLE TO PRODUCE TANGIBLE RESULTS AND ACCUMULATE PUBLIC SUPPORT.

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A KEY TO THE SUCCESS OF HUMAN-ECONOMIC DEVELOPMENT PROGRAMS IS THE ADOPTION OF PRODUCTIVITY-ORIENTED STRATEGIES THAT ALLOW FOR AND REQUIRE MANAGEMENT INITIATIVES AND INDIVIDUAL COMMITMENT TO MAXIMIZE USE OF THE AVAILABLE RESOURCES. IT IS VITAL THAT THE LEGISLATION AND REGULATIONS FOR THIS BLOC GRANT ALLOW CONSIDERABLE FLEXIBILITY, AND AVOID CATEGORIZATION OR APPLY UNNECESSARY RESTRICTIONS TO LOCAL PROGRAMMING. THE MARRIAGE OF PRIVATE BUSINESS AND GOVERNMENT IN SOLVING OUR PRIMARY SOCIO-ECONOMIC PROBLEMS DEPENDS UPON THE MUTUAL RESPECT AND COMMITMENT OF EACH PARTNER...WITHOUT THE STRANGULATION OF COMPLIANCE LANGUAGE AND CONFUSING BUREAUCRACY.

WITH REVISIONS TO ASSOCIATED DOMESTIC PROGRAMS...SUCH AS THE ELIMINATION OF DUPLICATIVE EFFORTS AND THE RESTRICTION OF INDIVIDUALS ELIGIBLE FOR PUBLIC ASSISTANCE AND FOOD STAMPS...THIS HUMAN-ECONOMIC DEVELOPMENT PROGRAM WILL FORM THE FOUNDATION FOR OUR NATION TO: (a) RETURN TO A PRODUCTIVE, COMPETITIVE ECONOMY; (b) PREPARE OUR WORK FORCE FOR THE BASIC AND SKILL NEEDS OF EMPLOYERS; (c) ELIMINATE THE WORK DISINCENTIVES AND GOVERNMENT DEPENDENCY THAT FRUSTRATES THE AVERAGE TAXPAYER; (d) RESTORE CONFIDENCE IN A POSITIVE BUSINESS-GOVERNMENT RELATIONSHIP; AND (e) ASSIST IN THE REVITALIZATION OF AREA ECONOMIES BY DEVELOPING MORE MODERN FACILITIES AND SUFFICIENT JOBS.

OUTLINE OF
BLOC GRANT PROPOSAL FOR
CONSOLIDATED HUMAN-ECONOMIC
DEVELOPMENT PROGRAMS

INTRODUCTION

We are interested in establishing a national program of human-economic development that will meet the needs of unemployed and disenfranchised workers, industrial and business employers and area economic development.

In this outlined proposal to create a bloc grant system of consolidated employment-training and job-creation, we have summarized the socio-economic problems requiring domestic policy assistance; suggested the ingredients necessary for the success of such assistance; and, defined the primary objectives of national economic policy, specifically those which address productivity and unemployment.

We also recommend the consolidation of many existing federal programs into a comprehensive, decategorized and decentralized system of delivery for human-economic development services, accompanied by associated domestic policy revisions to other government programs that directly impact upon the design and structure of these services.

Our primary aim is to meet real socio-economic needs with a practical, flexible approach that can deliver long-term increases in productivity through a more effective management structure, with more efficient financing and less restriction.

Domestic policy must have clear, consistent aims, a sound management structure, stable funding service strategies that are productive and a grass roots support based upon accessibility and visibility of the benefits from the program services.

The proposal offered here contains the purpose, structure, design, funding provisions and service strategies to produce significant results and achieve the comprehensive support of the private sector and the general public. Although it is obviously threatening to many existing bureaucracies, we urge that the primary considerations of effectiveness and efficiency of our proposal override the potential barriers to the consolidation presented by the existing, often duplicative and complicated, systems of deliverers.

The United States has an historical commitment to assist its citizens in entering the mainstream of our economy. Our nation was founded upon and attained a unique position of world leadership through a competitive, free enterprise system of economic development and a spirit of individual freedom and opportunity. In the past several years, the decline in American productivity and the increases in inflation and unemployment have not only prohibited opportunities to enter, but caused many to fall from that mainstream.

Recent policies of the federal government to create jobs, train workers and ensure income or subsistence for the unemployed have had very sound intent and objectives. However, they have lacked consistent and clear goals, been over and mis-managed, cost too much for the achieved results, generated increasing disincentives to work and failed to gain public support.

To restore positive direction to domestic policy, our government must reaffirm its intent to maintain a strong role in assisting individuals who face considerable barriers to employment that prevent them from successfully competing in the labor market. However, directing this essential effort must be done in a far more productive, cost-effective manner, and the approach must be based upon productivity growth and work incentives.

Our proposal dispels the notion that we must choose between the creation of wealth and services to the disadvantaged or unemployed. We believe that human resource and economic development must be simultaneous policy objectives. We urge the federal government to adopt our approach by establishing legislation for a consolidated bloc grant of human-economic development.

I. THE NEED FOR DOMESTIC ASSISTANCE

The United States is presently experiencing unacceptable levels of productivity and business growth, inflation, unemployment, and government spending and regulation. The basic socio-economic problem we face is how to create wealth, employment and individual self-sufficiency without continuing to fuel inflation. Domestic policy must be devised that will increase productivity and output, while preventing the continually increasing absorption of the Gross National Product by the government.

To establish domestic policy that addresses the real socio-economic needs of our nation, it is important to define the major problems, their symptoms or effects, and primary causes. Simply stated, these problems are:

1. a general decline in productivity,
2. lack of sufficient jobs and prepared workers,
3. over-commitment and under-utilization of federal resources.

Although, for purposes of this proposal, a detailed analysis of these issues is not practical, the following are lists of symptoms and causes of these three problems.

A. General Decline in Productivity

The primary symptoms of the decline in productivity growth are:

1. excessive inflation and interest rates
2. high unemployment and its associated problems
3. shortages in highly-skilled occupations
4. absence of savings and investments
5. GNP slow-down
6. Balance of Trade deficit
7. growth of business and personal taxes
8. growth in public assistance and income maintenance
9. lack of public confidence in business

The primary causes are:

1. energy-related costs
2. foreign competition in traditional American labor intensive industries
3. excessive government spending
4. restrictive government regulation
5. individual work disincentives and the accompanying "dependency" attitudes
6. business and labor monopolies
7. skilled labor costs
8. environmental and Equal Employment Opportunity issues
9. outmoded industries and the lack of re-industrialization
10. expanded labor force and number of unskilled workers

B. Lack of Sufficient Jobs and Trained Workers

The primary symptoms of insufficient jobs and untrained workers are:

1. number of unemployed and unskilled workers
2. number of low-income and poverty level citizens
3. low success rate of small businesses
4. growing shortages of skilled labor
5. number of public assistance and income maintenance recipients
6. number of discouraged job-seekers
7. increases in the crime and suicide rates directly correlated to unemployment

The major causes of this problem are:

1. lack of capital formation, reinvestment and business expansion
2. increased number of job-seekers
3. longevity of worker
4. inadequate general education and specific job-skill training
5. insufficient labor market information
6. successes of international business competitors
7. energy and national resource shortages
8. geographical migration of industries
9. government regulations
10. lack of consistent federal job-creation policy
11. tight monetary supply
12. absence of sufficient incentives for business development
13. abundance of personal disincentives to work and research
14. labor and material costs
15. deficiencies in transportation infra-structure
16. corporate and labor group monopolies

C. Over-Extended and Inefficient Use of Federal Resources

The most obvious symptoms of mis-managed federal resources are reflected in:

1. excessive government spending
2. costly government regulations
3. lack of public confidence in government
4. trillion-dollar debt
5. federal budget deficit
6. attitude of dependency on government and the growth in publicly-supported work disincentives
7. voluminous amounts of legislation
8. duplicative subsidies for similar policy objectives, programs and services
9. public confusion with administrative bureaucracies
10. media sensationalism reflecting mistrust and frustration with federal programs
11. adversary relationship of business and government
12. proliferation of Congressional Committees and staff

The major factors resulting in the over-commitment of federal funds and in not achieving the optimum utilization of these resources are:

1. Excessive government spending
2. Costly regulatory and compliance requirements
3. Unclear, inconsistent federal goals and policies
4. Categorization and centralization of resources
5. Inadequate management of subsidized programs at all levels of government
6. Lack of consolidation and coordination of efforts
7. Political impact of well-organized and financed special interest groups
8. Increased demand on human and natural resources created by international competition and foreign policy strategies
9. Lack of an effective national management and labor information system
10. Inappropriate demands for government services
11. Business tax and depreciation policies
12. Excessive judicial intervention into legislative decisions
13. Restrictive affirmative action, safety and environmental restrictions

II. PRIMARY ECONOMIC GOALS AND POLICY OBJECTIVES

The inter-relationships of the symptoms and causes of these three major socio-economic problems complicate the formulation of domestic policy that manages their resolution. The federal government must assume the leadership role in identifying and prioritizing our economic problems, limiting federal resources and directing them toward these priorities and implementing a manageable system of reduced federal programs and restrictions with consistency and commitment.

The need for revised domestic assistance can be categorized in broad goals with general policy objectives for the national economy and specific policy objectives for employment-training and job-creation.

A. Primary Goals of Domestic Policy

1. Control inflation of wages and prices
2. Create employment
3. Promote individual economic self-sufficiency
4. Restore internationally competitive economy
5. Increase quality of life for all citizens

B. General Economic Policy Objectives

1. Increase productivity
2. Stimulate the creation of wealth
3. Reduce federal spending and dependency on government
4. Lower interest rates and tax increases
5. Encourage savings and investment
6. Promote business development and competition
7. Create productive employment opportunities

C. Specific Policy Objectives of Employment-Training and Economic Development

1. Eliminate work disincentives
2. Train and employ unskilled workers
3. Train skilled workers
4. Retrain experienced, unemployed workers
5. Facilitate business development and job creation
6. Promote private/public sector partnership
7. Consolidate and effectively manage federal resources directed toward employment opportunities
8. Encourage area economic development strategies

III. HUMAN-ECONOMIC DEVELOPMENT BLOC GRANT PROGRAM

A. Functions of the Program

The primary purpose of the Human-Economic Development Bloc Grant Program is to create sufficient employment opportunities for all able workers and to provide employers with productive workers that possess sufficient skills through a comprehensive, decategorized, decentralized and coordinated system of subsidized job-training and job-creation activities.

This purpose will be accomplished through the specific objectives of:

1. training unemployed, unskilled individuals
2. training and retraining unemployed, experienced workers
3. eliminating work disincentives
4. assisting area economic development

B. Consolidation of Existing Programs

To facilitate coordination and simplification of subsidized efforts for employment-training and job-creation, it is both necessary and cost-effective to consolidate a variety of existing federal programs into one comprehensive program. These presently-funded programs include:

1. CETA
2. WIN
3. Trade Adjustment Assistance
4. Urban Development Action Grants
5. Small Business Administration Assistance
6. Employment Service
7. Unemployment Insurance - Extended Benefits
8. Workfare
9. Community Development Grants
10. Targeted Jobs Tax Credits

Equally important, the objectives and implementation of human-economic development programs must be productivity-oriented and completely segregated from other government programs that provide public assistance or income maintenance payments.

C. Legislative Design

1. Titles and Their Purpose

   a. Title One - Administrative Provisions
   b. Title Two - Employment and Training Services for the Economically Disadvantaged

   Employment and Training Services for the Economically Disadvantaged would include, but not be limited to, activities such as:

   - Job Search Training
   - Job Search
   - Community Work Experience
   - Classroom Training
     - basic and remedial education

  - vocational skill training
  - career education
- Private Sector Work Experience
- Job Auditioning
- Small Business Internships
- On-the-Job Training and Upgrading
- Sheltered Vocational Workshops
- Job Shadowing
- New Jobs Tax Credits

Services would include, but not be limited to:

- Outreach and Intake
- Orientation and Screening
- Assessment
- Employment Counseling
- Inter-Agency Referral
- Job Placement
- Supportive Services such as Transportation, Child Care

c. Title Three - Training and Retraining Services for the Unemployed and Workers Facing Layoff

Training and Retraining Services for the Unemployed and Workers Facing Layoff would include, but not be limited to:

- Job Search Training
- Job Search
- Classroom Training
  - basic and remedial education
  - vocational skill training
  - career education
- Job Auditioning
- Small Business Internships
- On-the-Job Training and Upgrading

Services for the Unemployed and Workers Facing Layoff would be the same as those allowable under Title II.

d. Title Four - Economic Development Activities

Economic Development Activities must be designed to create additional, permanent employment opportunities for the unemployed, economically disadvantaged and/or workers facing layoffs, or establish public service facilities that would expand employment opportunities, or assist the development of small and energy-related businesses.

These activities would include, but not be limited to:

- Delivery of Targeted Jobs Tax Credits
- Development of public facilities such as transportation, water and sewage and industrial parks and training facilities

- Establish enterprise zones
- Facilitate tax abatement benefits and industrial revenue bonds for expanding businesses
- Reutilization or rehabilitation of decaying neighborhoods
- Support of solar and other alternative energy source and savings development
- Loans and technical assistance for small business development
- Encourage small business cooperatives for utilization of technology
- Development of skill apprenticeship programs with unions

2. Targeted Population for Activities and Services

a. Title Two - Employment and Training Services

Program participants must be at least 14 years old and must be unemployed for twelve weeks and have an annual family income below the Lower Living Standard Income Level, or be physically or mentally handicapped, or be recipients of public assistance, or be an offender or ex-offender.

b. Title Three - Training and Retraining Services

Program participants must be at least 21 years old and unemployed, or employed and notified of receiving an impending layoff. Students in secondary or post-secondary education are excluded from eligibility.

3. Funding

a. Levels

We are recommending a total budget of 16 billion dollars committed to the Human-Economic Development Program. In analyzing this expenditure level, it represents a multi-billion dollar cost savings to the federal budget as opposed to the planned spending for current domestic programs that would be consolidated and revised under this proposal.

The budget for the Human-Economic Development Program would be:

Title	Purpose	% of Funding	Amount in Billions
Title Two	Employment and Training Services for Economically Disadvantaged	45%	$7.2
Title Three	Training and Retraining Services for Unemployed and Laid Off Workers	20%	$3.2
Title Four	Employment Development Activities	35%	$5.6
TOTAL HUMAN-ECONOMIC DEVELOPMENT BUDGET		100%	$16.0

b. Administrative and Level of Government Shares

The maximum share of funds from each Title allowable for local administrative purposes would be fifteen percent (15%). From each Title, the federal government would be provided four percent (4%) of the funds for its management operation, research, discretionary projects and support of the National Commission on Human-Economic Development. From each Title, State governments would be provided eight percent (8%) of the funds for its management operation, research, discretionary projects and support of the State Human-Economic Development Council. The remaining 88% of all Titles would be allocated directly to local Human-Economic Development Programs.

c. Distribution and Cycle of Resources Allocation

The allocation of resources to State and local governments will be made on the sole basis of economic need. Resources will be allocated on a two-year funding cycle on the following basis:

50% - relative number of unemployed persons
25% - relative number of unemployed persons in areas above 6.5% unemployment rate
25% - relative number of individuals in families with income below the Lower Living Standard Income Level

Funds will be allocated every two years by April 1 of the year the new allocations will be effective. Annual plans for the use of the funds will be required to be submitted by July 1 of each fiscal year. The maximum percent of funds allowed to be carried over from one two-year funding cycle to the next cycle will be ten percent (10%) of the total allocation by each separate Title.

d. Financial Incentives for Consolidation of Area Human-Economic Development Efforts

1) Multi-Jurisdictional Units

Six percent (6%) funding bonuses shall be awarded to units of local government that choose to be members of consortia, provided there is one unit of local government that has a minimum of 100,000 population and that the geographic boundaries of the consortium members are contiguous.

2) Labor Market Area Units

An additional six percent (6%) funding bonus shall be awarded to units of local government that form a consortium that entirely encompasses one or more federally identified labor market areas.

D. Management Design of the Human-Economic Development System

1. Decentralized Structure of Human-Economic Development Service

A decentralized management approach to federally subsidized job training and job creation that supplements and serves private sector employers is essential for effectiveness, visibility, credibility and accountability. Units of local government, especially in combinations of those with contiguous boundaries, or comprising defined labor market areas, should be the prime administrators or agents to receive direct funding for, and manage and coordinate human-economic development services.

In this decentralized management structure, local-elected officials would have the primary responsibility for programs. Private Industry Councils would be appointed to assist the local program administrators in the over-all management, policy development, resource allocation, implementation of services, prioritization of local human and economic development needs, and the evaluation of program delivery.

The roles of federal, State and local government in the decentralized structure are generally prescribed as follows:

a. Role of Federal Government

1) establish the laws and general overall policy
2) appropriate and allocate sufficient funds
3) provide general parameters through regulation
4) establish and accumulate uniform data
5) oversee and evaluate national and state-wide program plans
6) administer appeals process
7) enforce the laws
8) establish compliance and audit standards and sanctions
9) manage limited discretionary funds for demonstration, research and evaluation projects
10) establish the National Commission on Human-Economic Development

b. Role of State Government

1) administer programs as Prime Sponsor for units of local government or labor market areas not electing to join with other contiguous, eligible applicants or are eligible for direct funding
2) serve as management information and data collection/reporting source for all Prime Sponsors in the state to federal government
3) provide state-wide management training and technical assistance network for all local elected officials, Private Industry Council members and staff involved with employment-training and economic development delivery through politically independent training institutes
4) operate appropriate state-wide employment-training and economic development activities with state-wide agencies, and those that extend across, benefit and are approved by other local, multi-jurisdictional areas within the state

5) monitor legal compliance and assist in coordinating the independent audit process of all Prime Sponsors and federally-subsidized activities within the state under the bloc grant
6) establish and monitor ethics standards for program operators and administrators
7) administer limited funds for demonstration, research or experimental linkage projects involving job training and job creating, that directly or partially and indirectly benefit unemployed, unskilled people
8) review and comment on local plans, and consolidate reports into one state-wide, annual report for federal government and public information purposes
9) request federal government sanctions on local Prime Sponsors violating the law, or purposely or systematically failing to comply with federal regulations or established ethical standards

c. Role of Local Units of Government and Chief-Elected Officials

1) oversee and be ultimately responsible for the management of programs in their geographically designated area
2) appoint a Private Industry Council to directly assist in planning and evaluating the administration and operations of local programs
3) appoint a single administrative or management unit to plan, direct, implement, control, monitor, evaluate and report on local program goals, activities and services
4) establish local program goals, policy and priorities
5) insure coordination and prevent duplicating of services in selection of delivery agents
6) reduce artificial barriers to employment of individuals because of sex, race, age, physical handicap or national origin
7) request State or federal government sanctions on any individuals or recipient of funds violating the law, or purposely or systematically failing to comply with federal regulations or established ethical standards

d. Role and Composition of National Commission for Human-Economic Development

1) Function

(a) The purpose of this Commission is to provide joint advice to the Administration and the Congress in the planning, operations and evaluation of national legislation, policy, funding, regulation, management, information, planning, performance, standards and review compliance, enforcement, discretionary funding and appellate procedures for targeted job training and job creation activities within the human-economic development bloc grant.

(b) The Commission may request government sanctions on federal or State representatives violating the law, or purposely, neglectfully or systematically failing to comply with regulations or established ethical standards.

2) Composition

(a) This Commission is to be comprised of membership as follows:

Secretary of Labor
Three (3) other Presidential appointees
One (1) appointee of Senate Majority Leader
One (1) appointee of House Majority Leader
One (1) appointee of Senate Minority Leader
One (1) appointee of House Minority Leader
One (1) representative from each state elected
  by all Prime Sponsors in that state

(b) The Commission shall elect its own officers, and the Department of Labor shall provide clerical staff support and limited funds necessary to cover the expenses of the Commission.

e. Role and Composition of State Human-Economic Development Council

1) Function

(a) The purpose of this Council is to provide advice to the Governor in the planning, operations and evaluation of all State roles prescribed by law or regulation for this bloc grant.

(b) The Council may request federal government sanctions on the Governor, any of his representatives, or local government programs, officials and any persons violating the law, or purposely, neglectfully or systematically failing to comply with regulations or established ethical standards.

2) Composition

(a) The membership of this Council is comprised of minimum of twenty (20) members (with elected officers) proportionally designated and represented as follows:

40% - Governor-appointed business, industry and labor representatives
20% - Local Private Industry Council representatives elected by peers
20% - Local Program administrators elected by peers
20% - Governor-appointed, chief-elected officials of local government, and representative of both urban and rural areas

(b) Officers will be elected every two (2) years by the general membership, and limited clerical and other staff support and expenses of the Council will be provided by the Governor.

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f. Role and Composition of Local Private Industry Councils

1) Function

(a) The PIC is to provide advice to chief-elected, local officials in the planning, operations and evaluation of local programs

(b) The PIC may request State or federal government to pursue sanctions on any elected, appointed or contracted governmental unit, public agency, private employer or individual violating the law, or purposely, neglectfully or systematically failing to comply with the regulations

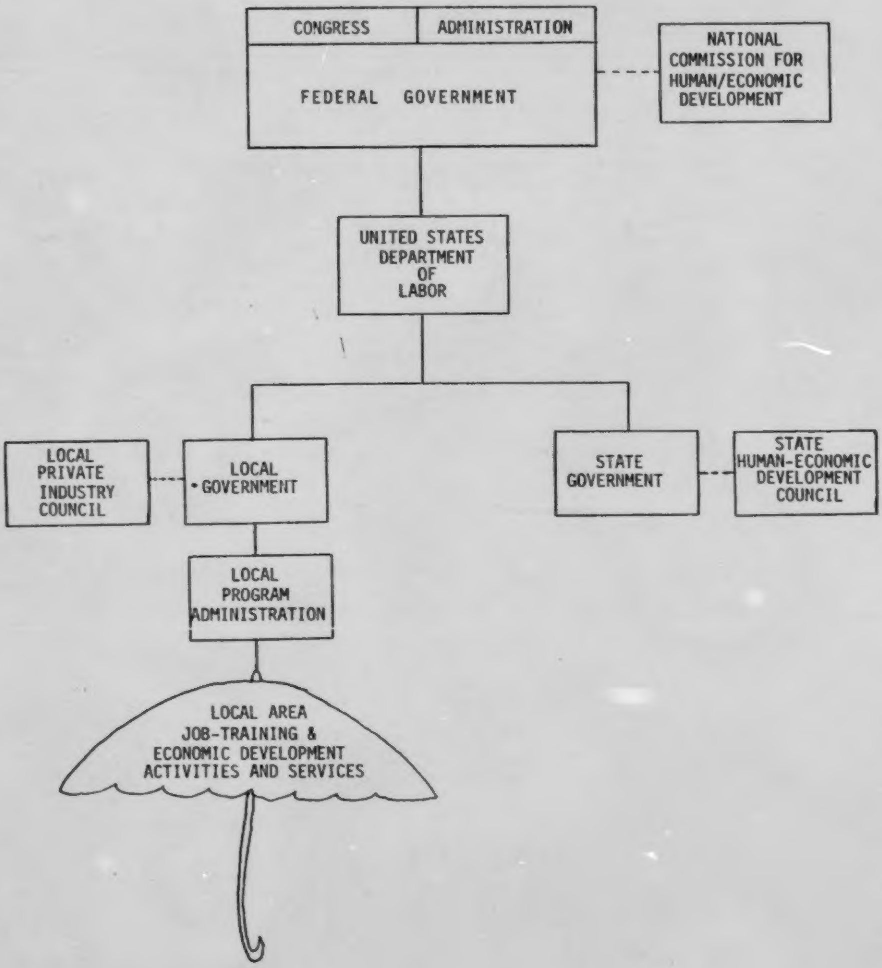
2) Composition

(a) The Council membership will be comprised of appointed members from business, industry, labor and the general community, with at least three-fourths representing private employers.

(b) Officers will be elected by the general membership, and clerical or other limited staff support and expenses will be provided by the local administrative unit.

(c) Members are appointed for six (6) year terms.

MANAGEMENT STRUCTURE FOR HUMAN-ECONOMIC DEVELOPMENT SYSTEM


CONGRESS
ADMINISTRATION
FEDERAL GOVERNMENT
NATIONAL COMMISSION FOR HUMAN/ECONOMIC DEVELOPMENT
UNITED STATES DEPARTMENT OF LABOR
LOCAL PRIVATE INDUSTRY COUNCIL
LOCAL GOVERNMENT
STATE GOVERNMENT
STATE HUMAN-ECONOMIC DEVELOPMENT COUNCIL
LOCAL PROGRAM ADMINISTRATION
LOCAL AREA JOB-TRAINING & ECONOMIC DEVELOPMENT ACTIVITIES AND SERVICES

2. Decategorization of Service Design for Human-Economic Development

Within general parameters established by federal legislation and limited regulation, a flexible system of local planning and delivery should be encouraged. The direct responsibility, managerial decision-making and accountability necessary to operate efficient, effective programs must be positioned and permitted at the same level of local government. To accomplish decategorization of human-economic development, the following should occur:

a. Targeted Population for Human-Economic Development Services

1) Programs should be specifically targeted to serve unemployed, laid-off workers, unskilled, low income people and public assistance recipients
2) Definitions for these national target groups should be simplified and standardized.
3) Additional targeting of services, if necessary, should be permitted at the local level, but not allowed to be further expanded and defined by federal or State government mandate beyond the standardized eligibility criteria.
4) Methods for calculating and certifying income, length of unemployment and/or receipt of public assistance payments should be simplified.
5) The prescription of specific set-asides, percentages for linkage agreements, youth service levels or other required service delineations should be eliminated.
6) Decisions for program mix, service priorities and target groups beyond general eligibility requirements should be at the discretion of local program design.
7) Length of participation in the program for an individual should be limited to a maximum of 130 weeks in any five-year period.

b. Deregulation

1) Program planning and associated publication requirements should be simplified and consolidated.
2) A relaxation of allowable cost and procurement provisions should be initiated.
3) Equitable service provisions should be eliminated.
4) Provisions to restrict local governments from using administrative funds for legal expenses incurred in the operation of programs should be revised to permit a minimal amount for this purpose.
5) Provision to establish a minimal, "human error" rate for waiving unintentionally-designed, disallowed costs should be established, accompanied by strong provisions for sanction and/or prosecution of purposeful fraud, abuse, mismanagement or gross negligence perpetrated by any individual, collective or institutional recipient of funds.
6) Revisions should be made to the law and regulations pertaining to management information data, so that uniform, national requirements are established and consistently managed by the federal government.

7) Provisions mandating locally-implemented, independent monitoring units, segregated EEO personnel or other compliance-oriented mechanisms, unnecessarily forced upon local programs to supposedly prevent fraud and/or abuse, should be disengaged.
8) Provisions requiring local governments to reduce architectural barriers should be legislated or regulated, only if appropriate, additional funds accompany the mandate. Otherwise, these provisions should encourage when feasible, rather than require, local efforts to address and minimize architectural barriers.
9) Restrictions on utilization of private-for-profit employers should be replaced by emphasis on using the private sector as a primary source and location for training activities and work experience.
10) Any locally-initiated or creative job training, referral or economic development approach that expands opportunities for eligible clients should be permitted and encouraged, providing the approach meets generally established, federal policy objectives.
11) The Davis-Bacon Act should be amended to reduce restrictions on utilizing non-union employers and enterprises.
12) Provisions should be relaxed to allow local programs the ability to generate program income that can be reinvested specifically and solely for creating expanded or additional services to clients.
13) The Wagner-Peyser Act should be amended to encourage more local control of human-economic development strategies.
14) Unemployment Compensation laws should be revised, clarified, limited in duration and purpose, and consistently managed.
15) General accounting and audit practices and procedures should be established, standardized and clarified.
16) National program performance and cost control standards should be established as evaluative management tools.

E. Productivity-Oriented Service Strategies

The Human-Economic Development Program must focus upon preparing workers to meet employer needs for both highly-skilled and entry level employment requirements. We must abandon the work disincentive and public assistance programs that hinder productivity and personal initiative.

As our economy struggles to resume its leadership position in a rapidly competitive, international market, we must assume economic development strategies that foster growth in high-technology, energy-related, communications and military support companies. We must also concentrate upon the success and expansion of small businesses and service industries.

The flexibility of local program management and design of Human-Economic Development programs should facilitate activities and services that encourage productive workers and employer/employee incentives for accomplishment. This assumption can be realized by including the following:

1. An emphasis on local program productivity and accountability through implementation of a decentralized, decategorized program design, consistent management involving private sector leadership, standardized program evaluation and uniform management information devices.
2. Emphasis on local programming as a service to private employers.
3. Emphasis on local program marketing as a "human capital" developer and provider.
4. Encouragement of local consolidation and prioritization of all human resource services.
5. Relaxation of legislation and regulations restricting job training and economic development activities with private-for-profit employers.
6. Elimination of restrictions on local programs to establish wage and allowance payment rates, substituted by local decisions on these income factors.
7. Encouragement of more productive, long-range, locally-designed alternatives to proposed "workfare" or current public service employment attempts for general relief of recipients, including required job-seeking instruction and search activities, part-time public and/or private work experience or job auditioning, participation in personal development activities and alternative supportive services that encourage productivity rather than dependency.
8. Direction of youth training activities toward exposures and experiences with private sector employers, accompanied with financial incentives for these employers.

9. Expansion of abilities to initiate locally-designed, financial incentives for employer and trainees who demonstrate productivity advances in meeting program goals.

10. Encouragement of locally-centralized, human resources intake, assessment, referral and other service linkages.

11. Establishment of generally mandated, but not specifically prescribed local linkages with educational, training, other governmental and labor groups that address human-economic needs for the general population.

12. Encouragement of locally-planned and decided economic development strategies that directly benefit the private employment opportunities of structurally unemployed people through such activities that were previously funded with various urban and rural economic and community development programs.

13. Creation of a national performance evaluation system designed to measure quality and quantity of local human-economic development services in terms of job placements, population served, employer benefits and employment opportunities created.

F. Associated Domestic Policy Revisions

Several revisions to current governmental programs that effect the potential output of a consolidated job-training and employment creation effort must be instituted simultaneously with the implementation of a Human-Economic Development Bloc Grant approach. These revisions are intended to, in general terms, (1) reduce federal spending; (2) minimize duplicative or unproductive services; (3) restrict eligibility to those that must depend on certain subsidies; (4) encourage productivity and personal integrity while eliminating work disincentives; and (5) eliminate restrictive legislation and replace it with policies for promoting free enterprise.

Specifically, the federal legislative and regulatory revisions that must accommodate the Human-Economic Development Program are:

1. Highly restricted eligibility criteria causing major reductions in food stamp, general relief and other public assistance programs.

2. Elimination of current restrictions in government programs to work directly with private-for-profit employers.

3. Elimination of the national extended benefits program for unemployment compensation.

4. Elimination of the Job Service Labor Match function.

5. Increased business depreciation schedules for capital expenditures.

6. Reduction of business and personal tax increases.

7. Elimination of WIN and segregation of job-training, employment and job-creation efforts from income maintenance systems for needy individuals.

8. The proposed "Workfare" programs be abandoned and substituted with minimum wage community and private sector work experience programs under Human-Economic Development Programs.

9. Continuation and expansion of Targeted Jobs Tax Credits to apply to all economically disadvantaged workers and administered by Human-Economic Development program.

10. Continuation and expansion of new Jobs Tax Credits for employers who increase their workforce.

11. Reduction of Davis-Bacon restrictions on comparable wage provisions.

G. Results and Benefits Expected from this Proposed System of National Human-Economic Development

There are almost limitless advantages for the public and private sector in enacting a decentralized, decategorized system of consolidated and targeted human/economic development programs. The following are a few of the major results and benefits projected by this approach:

1. Productivity-oriented approach to federally-subsidized human services and economic development.

2. Direct implementation of government services assisted by experienced private sector leadership.

3. Increase in the production of wealth and its distribution among more people.

4. Consolidation of administration and program operations that provide better coordination and delivery of services at less cost.

5. Increased communication, elimination of public confusion and improved image, visibility and political support for programs.

6. Active, comprehensive and enthusiastic local effort to initiate, plan, manage, deliver and be accountable for services.

7. Over-all responsibility with more publicly accessible, local-elected officials.

8. Resources targeted to people and geographic areas with most socio-economic needs for assistance.

9. Maintenance and improvement of a public "advocacy" posture for productive needs of unemployed, unskilled, low-income people.

10. Creation of more opportunity for self-sufficiency and less repetition of economic dependency and work disincentives.

11. Implementation of devices to facilitate program as a supplement, not substitution for, private economic growth.

12. Increased tax bases on all levels of government for longer periods of time.

13. Training and employment advances for more people at quicker rate, and facilitation of genuine upgrading and promotional opportunities based upon qualifications matching real employment needs.

14. Accommodation of current Administration philosophy of bloc grants, emphasizing supply-side economics and development of long-term policy of simultaneous human resource and economic growth.

15. Marketing of improved work force in private employer "human capital" terms.

16. Reduction of adversary position between business and government, and generating local initiatives to reduce public dissatisfaction or apathy with our economic and political systems.

17. Balance approach of resources distribution to urban and rural areas.

18. Provisions for positive, productive directions to human services in a true economic climate, instead of manipulated, financially and emotionally-discouraging approaches.

H. Summary

This proposal for a national Human-Economic Development Program addresses the critical problems of a decline in productivity, the lack of prepared entry level and skilled workers and the over-extended, inefficient use of federal subsidies to assist in employment-training and job-creation.

A number of duplicative, and several ineffective, current federal efforts are consolidated into a simplified, coordinated approach of functions that are intrinsically inter-related in policy objectives. Preparing an area economy for expansion, creating new jobs and preparing workers to meet employer needs requires the integral role of the private sector in the planning of these services. This proposal provides employer input in a decentralized, decategorized management system that, at the local level, most adequately permits involvement, accessibility, relativity and productivity of public-private partnerships.

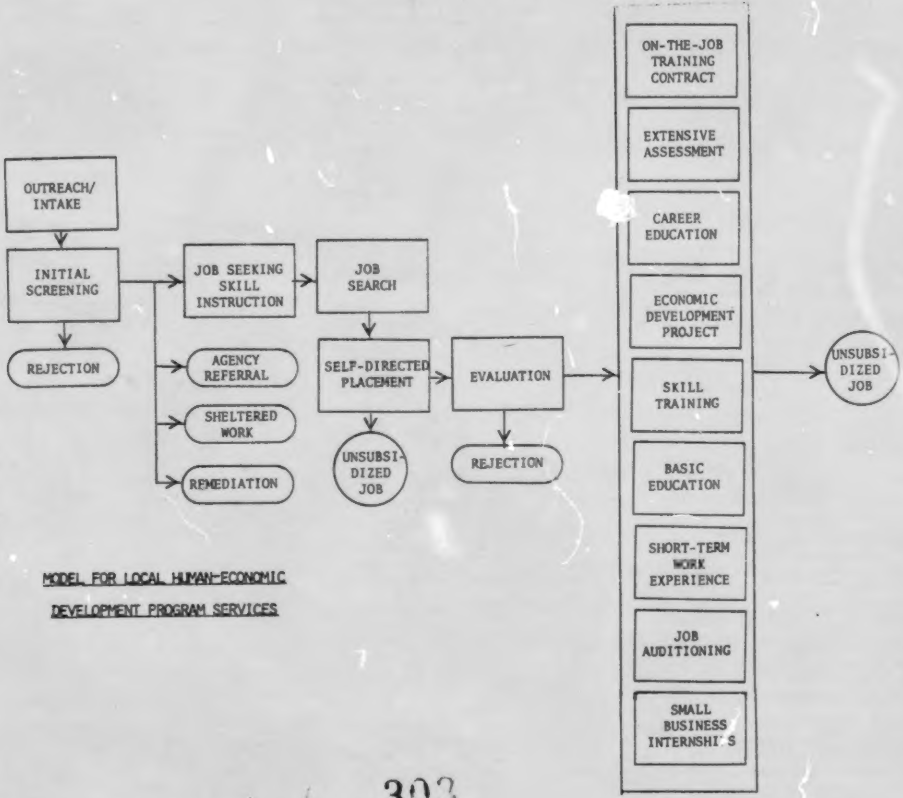
While the Human-Economic Development Program continues to target services for the unskilled, uneducated and "structurally" unemployed, the system also targets a part of its resources to those experienced, more skilled workers who are laid-off or facing unemployment, and who can more expeditiously be retrained for many of the high skill demands required of our expanding technological occupations. The system also targets its services to area employers, especially small businesses.

The funding level for this program is based upon the numbers of individuals needing training and jobs, the costs of the programs consolidated into this bloc grant and the cost-savings accompanying the reductions in the associated federal programs that will result in the transfer of client recipients into the Human-Economic Development Programs. The allocation of funds is distributed strictly on the basis of the economic need of States and local areas, and the two-year planning and funding cycle will provide more consistency and dependability for the system in dealing with employers and the public. The incentives for consortia and labor market area management will encourage multi-jurisdictional cooperatives and administrative cost savings.

The management structure of this proposal calls for the federal government to assume the leadership role in developing general policy objectives and consistent management. It prescribes an expanded role of State governments, and yet, leaves the primary planning and implementation of services with local officials and employers. This is the level of government that is best able to produce tangible results and accumulate public support.

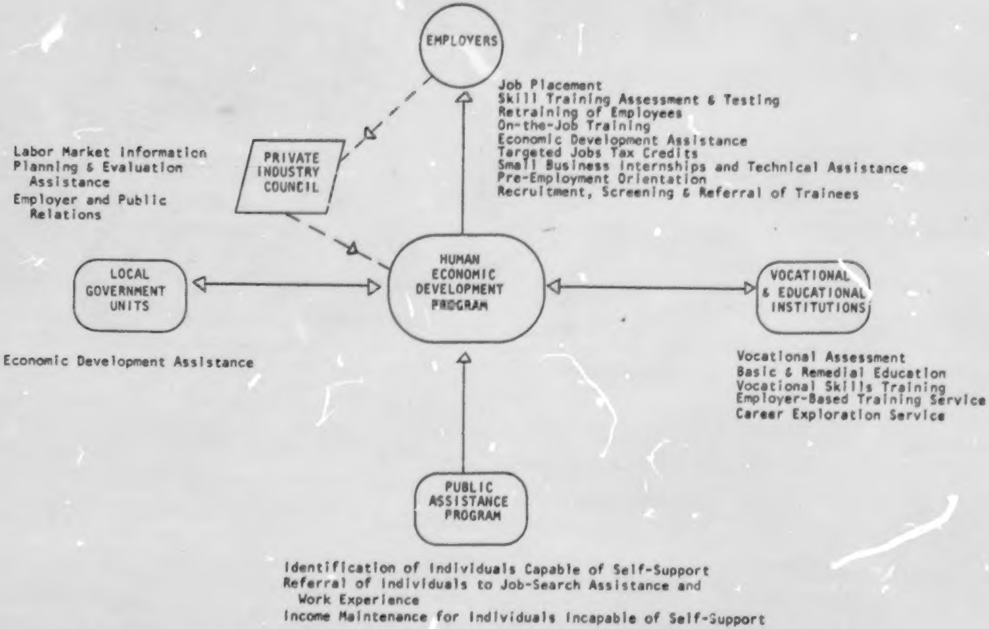
A key to the success of Human-Economic Development Programs is the adoption of productivity-oriented strategies that allow for and require management initiatives and individual commitment to maximize use of the available services. It is vital that the legislation and regulations for this bloc grant allow considerable flexibility, and avoid categorization or apply unnecessary restrictions to local programming. The marriage of private business and government in solving our primary socio-economic problems depends upon the mutual respect and commitment of each partner without the strangulation of compliance language and confusing bureaucracy.

With revisions to associated domestic programs, such as the elimination of duplicative efforts and the restriction of individuals eligible for public assistance and food stamps, this Human-Economic Development Program will form the foundation for our nation to: (a) return to a productive, competitive economy; (b) prepare our work force for the basic and skill needs of employers; (c) eliminate the work disincentives and government dependency that frustrates the average taxpayer; (d) restore confidence in a positive business-government relationship; and (e) assist in the revitalization of area economies by developing more modern facilities and sufficient jobs.


OUTREACH/ INTAKE
INITIAL SCREENING
REJECTION
JOB SEEKING SKILL INSTRUCTION
AGENCY REFERRAL
SHELTERED WORK
REMEDIATION
JOB SEARCH
SELF-DIRECTED PLACEMENT
UNSUBSIDIZED JOB
EVALUATION
REJECTION
ON-THE-JOB TRAINING CONTRACT
EXTENSIVE ASSESSMENT
CAREER EDUCATION
ECONOMIC DEVELOPMENT PROJECT
SKILL TRAINING
BASIC EDUCATION
SHORT-TERM WORK EXPERIENCE
JOB AUDITIONING
SMALL BUSINESS INTERNSHIPS
UNSUBSIDIZED JOB

MODEL FOR LOCAL HUMAN-ECONOMIC DEVELOPMENT PROGRAM SERVICES

MODEL FOR LOCAL LINKAGES OF HUMAN-ECONOMIC DEVELOPMENT PROGRAM


EMPLOYERS
PRIVATE INDUSTRY COUNCIL
LOCAL GOVERNMENT UNITS
HUMAN ECONOMIC DEVELOPMENT PROGRAM
VOCATIONAL & EDUCATIONAL INSTITUTIONS
PUBLIC ASSISTANCE PROGRAM

Job Placement
Skill Training Assessment & Testing
Retraining of Employees
On-the-Job Training
Economic Development Assistance
Targeted Jobs Tax Credits
Small Business Internships and Technical Assistance
Pre-Employment Orientation
Recruitment, Screening & Referral of Trainees

Labor Market Information
Planning & Evaluation Assistance
Employer and Public Relations

Economic Development Assistance

Vocational Assessment
Basic & Remedial Education
Vocational Skills Training
Employer-Based Training Service
Career Exploration Service

Identification of Individuals Capable of Self-Support
Referral of Individuals to Job-Search Assistance and Work Experience
Income Maintenance for Individuals Incapable of Self-Support

Senator QUAYLE. Mr. Brumfield.

STATEMENT OF WILLIAM C. BRUMFIELD, CHAIRMAN, MINNESOTA PRIME SPONSOR ASSOCIATION, AND DIRECTOR, HENNEPIN COUNTY CETA PROGRAM

Mr. BRUMFIELD. Thank you, Senator.

I am William Brumfield, the CETA Director for Hennepin County, Minn., and the chairman of the Minnesota Prime Sponsor Association.

I am grateful for the opportunity to present the views of the Minnesota Prime Sponsor Association as a part of your efforts to review and make recommendations concerning the employment and training system in the United States.

The fact that these hearings, and others like them, are being held across the country speaks to a major concern that we share in Minnesota. We need to be assured of the Federal Government's commitment to the training and the employability development of its citizens in need of such assistance.

This past year's debate over the future of public service employment has created the impression in many people's minds that the CETA program has been phased out in its entirety.

We feel that it is essential for Congress to reaffirm its commitment to the primary mission of CETA; training people for jobs.

As we all are aware, the CETA system has been given, several, often, conflicting missions since its establishment in 1973. While PSE was once viewed as necessary, and did, indeed, provide needed jobs and public services to our communities, a rapid buildup and massive concentration of funding, unquestionably affected our ability to focus on our primary role, which is preparing disadvantaged people for jobs.

While we, in Minnesota, feel confident that we have consistently trained people for private sector employment, this has certainly not been the public perception of the program over the past few years.

While CETA has had its problems, we've also learned quite a bit about employment and training programs, and what seems to work best.

The experimental funds funded under the Youth Employment and Demonstration Project Act, and other programs funded nationally, and at the State and local levels, have tried varying approaches to the business of employment and training.

I would like to share with you several key points which we have identified as important to the future of CETA.

First, the program must focus on training. People need to learn marketable skills. Equally important, our clients have to learn what employers expect of them. They need access to career information in order to make reasonable choices and develop realistic expectations. They must certainly have access to skill training to achieve their employment objectives.

Second, the program should be targeted. The purpose of the program should be to "Mainstream" disadvantaged people into the job-seeking world. The program should focus on making people competitive in the job market, improving access to jobs, and on providing skills to compete for future employment opportunities.

Third, the program should focus on the needs of the private sector employers. In order to successfully market our product, we must continue to be aware of and respond to the needs of business and industry. This responsiveness should include the meaningful involvement of business people in the design and development of programs.

The principles that I have outlined speak directly to the issues of involvement and responsiveness on the part of CETA's clientele; both the participants who utilize its services and resources, and the employer community which we seek to serve by providing trained workers.

There has been an increased emphasis on the notion of making participants self-sufficient to compete in the labor market.

Prime sponsors in Minnesota have recently begun using the approach of self-directed placement or job clubs, to assist participants in learning the skills to retain and seek employment. The effort to increase the self-sufficiency of individuals, seems most consistent with the philosophy of the administration, and should prove effective as clients become active participants in the labor market and continue to seek employment throughout their careers.

Regarding the involvement of our other major client, the business community, the recent experience with the private sector initiative program, and the establishment of the private industry councils has certainly highlighted the need to involve the private sector.

We, in Minnesota, have felt that our programs have been focused on the private sector outcomes since the inception of CETA. It is fair to say that we have learned from our close involvement with the business people over the last 2 years, and we hope that they have learned from us, as well.

Probably the most important aspect that we have had reinforced, through this process, is that the private sector needs to be both convinced and assured that the people who we train have the requisite skills to be successful in the plant or office. While technical skills are important, those skills which we call the "World of Work" skills; such as punctuality, reliability, dress and behavior, are, in many cases, equally as important to business. This is just one example of the kind of training that we now provide, as a result of our developing cooperation between the business community and the employment and training community.

We have also learned that CETA and vocational education must become even more responsive to the training needs of industry through the design of short-term, customized skill training. We have been successful in the last several years in this area, and with the general scarcity of resources, we will need to work even harder.

We would also like to reaffirm our belief in the strength of the prime sponsor system. It has worked well for us, and we feel that it should be continued.

I would like to thank you, again, for the opportunity to present our association's views. The Minnesota Prime Sponsors strongly believe in the effectiveness, and the importance, of employment and training programs for the people who participate, as well as for the economy as a whole.

We believe that CETA has demonstrated its ability to work with other community resources to meet the employment and training needs of people and private industry.

The CETA system is on the right track. If we can maintain the flexibility to be innovative and responsive to the needs of our local industries and our people, while maintaining our accountability to local elected officials, Congress, and the Federal Government, the system will flourish.

We look forward to working with you in the coming months, as the system for the 1980's begins to take shape.

Thank you, again, Senator.

Senator QUAYLE. Thank you very much, Mr. Brumfield.

[The prepared statement and additional material supplied by Mr. Brumfield follow:]

STATEMENT OF WILLIAM C. BRUMFIELD, CETA DIRECTOR, HENNEPIN COUNTY, MINN., ON BEHALF OF THE MINNESOTA PRIME SPONSOR ASSOCIATION

MR CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM WILLIAM BRUMFIELD, THE CETA DIRECTOR IN HENNEPIN COUNTY, MINNESOTA, AND CHAIRMAN OF THE MINNESOTA PRIME SPONSOR ASSOCIATION. I AM GRATEFUL FOR THE OPPORTUNITY TO PRESENT THE VIEWS OF THE MINNESOTA PRIME SPONSORS AS A PART OF YOUR EFFORTS TO REVIEW AND MAKE RECOMMENDATIONS CONCERNING THE EMPLOYMENT AND TRAINING SYSTEM IN THE UNITED STATES.

THE FACT THAT THESE HEARINGS AND OTHERS LIKE THEM ARE BEING HELD ACROSS THE COUNTRY, SPEAKS TO A MAJOR CONCERN THAT WE SHARE IN MINNESOTA. WE NEED TO BE ASSURED OF THE FEDERAL GOVERNMENT'S COMMITMENT TO THE TRAINING AND EMPLOYABILITY DEVELOPMENT OF ITS CITIZENS IN NEED OF SUCH ASSISTANCE. THIS PAST YEAR'S DEBATE OVER THE FUTURE OF PUBLIC SERVICE EMPLOYMENT (PSE) HAS CREATED THE IMPRESSION IN MANY PEOPLE'S MINDS THAT THE CETA PROGRAM HAD BEEN PHASED OUT IN ITS ENTIRETY. WE FEEL VERY STRONGLY THAT IT IS ESSENTIAL FOR CONGRESS TO REAFFIRM ITS COMMITMENT TO THE PRIMARY MISSION OF CETA--TRAINING PEOPLE FOR JOBS.

AS WE ARE ALL AWARE, THE CETA SYSTEM HAS BEEN GIVEN SEVERAL, OFTEN CONFLICTING MISSIONS SINCE ITS ESTABLISHMENT IN 1973. WHILE PSE WAS ONCE VIEWED AS NECESSARY AND DID INDEED PROVIDE NEEDED JOBS AND PUBLIC SERVICES TO OUR COMMUNITIES, THE RAPID BUILD-UP AND MASSIVE CONCENTRATION OF FUNDING UNQUESTIONABLY

EFFECTED OUR ABILITY TO FOCUS ON OUR PRIMARY ROLE, WHICH IS PREPARING DISADVANTAGED PEOPLE FOR JOBS. WHILE WE IN MINNESOTA FEEL CONFIDENT THAT WE HAVE CONSISTENTLY TRAINED PEOPLE FOR PRIVATE SECTOR EMPLOYMENT, THIS HAS CERTAINLY NOT BEEN THE PUBLIC PERCEPTION OF THE PROGRAM OVER THE PAST FEW YEARS.

WHILE CETA HAS HAD ITS PROBLEMS, WE HAVE ALSO LEARNED QUITE A BIT ABOUT EMPLOYMENT AND TRAINING PROGRAMS AND WHAT SEEMS TO WORK BEST. THE EXPERIMENTAL PROGRAMS FUNDED UNDER THE YOUTH EMPLOYMENT AND DEMONSTRATION PROJECT ACT (YEDPA) AND OTHER PROGRAMS FUNDED NATIONALLY, AND AT THE STATE AND LOCAL LEVELS, HAVE TRIED VARIED APPROACHES TO THE BUSINESS OF EMPLOYMENT AND TRAINING.

I WOULD LIKE TO SHARE WITH YOU SEVERAL KEY POINTS WHICH WE HAVE IDENTIFIED AS IMPORTANT TO THE FUTURE OF CETA:

1. THE PROGRAM MUST FOCUS ON TRAINING

   PEOPLE NEED TO LEARN MARKETABLE SKILLS. EQUALLY IMPORTANT, OUR CLIENTS HAVE TO LEARN WHAT EMPLOYERS EXPECT OF THEM. THEY NEED ACCESS TO CAREER INFORMATION IN ORDER TO MAKE REASONABLE CHOICES AND DEVELOP REALISTIC EXPECTATIONS. THEY MUST CERTAINLY HAVE ACCESS TO SKILL TRAINING TO ACHIEVE THEIR EMPLOYMENT OBJECTIVES.

2. THE PROGRAM SHOULD BE TARGETED

   THE PURPOSE OF THE PROGRAM SHOULD BE TO "MAINSTREAM" DISADVANTAGED PEOPLE INTO THE JOB SEEKING WORLD. THE PROGRAM SHOULD FOCUS ON MAKING PEOPLE COMPETITIVE IN THE JOB MARKET, IMPROVING ACCESS TO JOBS, AND ON PROVIDING THE SKILLS TO COMPETE FOR FUTURE EMPLOYMENT OPPORTUNITIES.

3. THE PROGRAM SHOULD FOCUS ON THE NEEDS OF PRIVATE SECTOR EMPLOYERS

   IN ORDER TO SUCCESSFULLY MARKET OUR PRODUCT, WE MUST CONTINUE TO BE AWARE OF AND RESPONSIVE TO THE NEEDS OF BUSINESS AND INDUSTRY. THIS RESPONSIVENESS SHOULD INCLUDE THE MEANINGFUL INVOLVEMENT OF BUSINESS PEOPLE IN THE DESIGN AND DEVELOPMENT OF PROGRAMS.

THE PRINCIPLES I HAVE OUTLINED SPEAK DIRECTLY TO THE ISSUES OF INVOLVEMENT AND RESPONSIVENESS ON THE PART OF CETA'S CLIENTELE -- BOTH THE PARTICIPANTS WHO UTILIZE ITS SERVICES AND RESOURCES, AND THE EMPLOYER COMMUNITY WHICH WE SEEK TO SERVE BY PROVIDING TRAINED WORKERS. CETA HAS ALWAYS INVOLVED PARTICIPANTS IN THE DEVELOPMENT OF THE MIX OF EMPLOYMENT AND SUPPORTIVE SERVICES TO BE PROVIDED. THE CONCEPT OF EMPLOYABILITY DEVELOPMENT PLANNING, THE EDP, HAS BEEN AN ESSENTIAL PART OF CETA IN MINNESOTA. THE PARTICIPATION OF PROGRAM CLIENTELE WORKING WITH STAFF TO AGREE ON CAREER GOALS AND

TRAINING NEEDS AND TO IDENTIFY THE CLIENT'S EMPLOYABILITY BARRIERS PUTS THE RESPONSIBILITY ON BOTH PARTIES TO PERFORM.

THERE HAS BEEN AN INCREASED EMPHASIS ON THE NOTION OF MAKING PARTICIPANTS SELF-SUFFICIENT TO COMPETE IN THE LABOR MARKET. PRIME SPONSORS IN MINNESOTA HAVE RECENTLY BEEN USING THE APPROACH OF SELF-DIRECTED PLACEMENT OR JOB CLUBS, TO ASSIST PARTICIPANTS IN LEARNING THE SKILLS TO RETAIN AND SEEK EMPLOYMENT. THE EFFORT TO INCREASE THE SELF-SUFFICIENCY OF INDIVIDUALS, SEEMS MOST CONSISTENT WITH THE PHILOSOPHY OF THE ADMINISTRATION, AND SHOULD PROVE EFFECTIVE AS CLIENTS BECOME ACTIVE PARTICIPANTS IN THE LABOR MARKET AND CONTINUE TO SEEK EMPLOYMENT THROUGHOUT THEIR CAREERS.

REGARDING THE INVOLVEMENT OF OUR OTHER MAJOR CLIENT, THE BUSINESS COMMUNITY, THE RECENT EXPERIENCE WITH THE PRIVATE SECTOR INITIATIVE PROGRAM AND THE ESTABLISHMENT OF PRIVATE INDUSTRY COUNCILS HAS CERTAINLY HIGHLIGHTED THE NEED TO INVOLVE THE PRIVATE SECTOR. WE IN MINNESOTA HAVE FELT THAT OUR PROGRAMS HAVE BEEN FOCUSED ON PRIVATE SECTOR OUTCOMES SINCE THE INCEPTION OF CETA. HOWEVER, THE PRIVATE SECTOR INITIATIVE PROGRAM AND THE PRIVATE INDUSTRY COUNCILS HAVE GIVEN EVEN GREATER VISIBILITY TO THE ROLE OF PRIVATE BUSINESS IN EMPLOYMENT AND TRAINING. IT IS FAIR TO SAY THAT WE HAVE LEARNED FROM OUR CLOSE INVOLVEMENT WITH BUSINESS PEOPLE OVER THE LAST TWO YEARS AND WE HOPE THEY HAVE LEARNED FROM US AS WELL.

PROBABLY THE MOST IMPORTANT ASPECT WE HAVE HAD REINFORCED THROUGH THIS PROCESS IS THAT THE PRIVATE SECTOR NEEDS TO BE BOTH CONVINCED AND ASSURED THAT THE PEOPLE WHO WE TRAIN HAVE THE REQUISITE SKILLS TO BE SUCCESSFUL IN THE PLANT OR OFFICE. WHILE TECHNICAL SKILLS ARE IMPORTANT, THOSE SKILLS WHICH WE CALL "WORLD OF WORK" SKILLS; PUNCTUALITY, RELIABILITY, DRESS AND BEHAVIOR, ARE IN MANY CASES EQUALLY AS IMPORTANT TO BUSINESS. THIS IS JUST ONE EXAMPLE OF THE KIND OF TRAINING WE NOW PROVIDE, AS A RESULT OF THIS DEVELOPING COOPERATION BETWEEN BUSINESS AND THE EMPLOYMENT AND TRAINING COMMUNITY.

WE HAVE ALSO LEARNED THAT CETA AND THE VOCATIONAL EDUCATION SYSTEM MUST BECOME EVEN MORE RESPONSIVE TO THE TRAINING NEEDS OF INDUSTRY THROUGH THE DESIGN OF SHORT-TERM, CUSTOMIZED SKILL TRAINING. WE HAVE BEEN SUCCESSFUL IN THE LAST SEVERAL YEARS IN THIS AREA AND WITH THE GENERAL SCARCITY OF RESOURCES, WE WILL NEED TO WORK EVEN HARDER.

I HAVE TALKED BRIEFLY OF THE PROGRAM AND NOW I WOULD LIKE TO ADDRESS SOME ADMINISTRATIVE ISSUES. FIRST OF ALL, WE IN MINNESOTA BELIEVE STRONGLY IN THE STRENGTH OF THE PRIME SPONSOR SYSTEM. THE UTILIZATION OF STATE, CITY AND COUNTY GOVERNMENT IN THE PLANNING, DESIGN AND OPERATION OF CETA HAS BEEN AN EFFECTIVE MECHANISM. IT HAS ALLOWED THE PROGRAM TO BE RESPONSIVE TO LOCAL PRIORITIES, NEEDS AND OPPORTUNITIES. WE URGE THAT AS YOU MOVE TOWARDS ANY REDESIGN OF THE EMPLOY-

MENT AND TRAINING SYSTEM THAT YOU GIVE FULL CONSIDERATION TO THE CETA PRIME SPONSOR SYSTEM.

AT THE SAME TIME, CETA HAS BECOME AN INCREASINGLY DIFFICULT PROGRAM TO ADMINISTER, IN TERMS OF ITS INHERENT COMPLEXITY AS WELL AS THE RISKS IT ENTAILS FOR THE GOVERNMENTAL UNITS RESPONSIBLE FOR ITS OPERATION. THE MAZE OF OFTEN CONFLICTING OR AT BEST AMBIGUOUS REGULATIONS, POLICY INTERPRETATIONS, AND AUDIT GUIDELINES BOGGLE THE MIND OF ANY ADMINISTRATOR. WHEN CETA FIRST BEGAN, PRIME SPONSORS WERE KNOWN AS INNOVATORS AND RISK-TAKERS. NOW WITH ABSOLUTE LIABILITY FOR ERRORS, THERE IS LITTLE INCENTIVE TO BE INNOVATIVE. THIS IS NOT THE TIME, PARTICULARLY WHEN WE ARE BEING PUSHED TO BE MORE RESPONSIVE TO THE PRIVATE SECTOR AND MORE EFFICIENT AND EFFECTIVE WITH PUBLIC FUNDS, TO STOP BEING INNOVATIVE.

PRIME SPONSOR COMPLAINTS ABOUT THE UNREASONABLENESS OF REGULATIONS AND ADMINISTRATIVE REQUIREMENTS SHOULD IN NO WAY BE CONSTRUED AS A WISH TO NOT BE ACCOUNTABLE. MINNESOTA'S PRIME SPONSORS FEEL STRONGLY THAT ACCOUNTABILITY, TO OUR ELECTED OFFICIALS, TO THE DEPARTMENT OF LABOR, AND TO CONGRESS IS AN ESSENTAIL PART OF THE CONTRACT. THOSE WHO RECEIVE PUBLIC FUNDS MUST BE PREPARED TO EXPLAIN WHAT THEY ARE DOING WITH THEM. MINNESOTA PRIME SPONSORS BELIEVE THE DEPARTMENT OF LABOR HAS A RIGHT AND A RESPONSIBILITY TO AUDIT CETA PROGRAMS. CONGRESS AND THE DEPARTMENT OF LABOR

HAVE A RIGHT AND RESPONSIBILITY TO EXPECT PERFORMANCE FOR THE INVESTMENT OF PUBLIC FUNDS IN CETA. THE DEVELOPMENT OF PERFORMANCE STANDARDS SHOULD BE BASED ON LOCAL PROGRAM GOALS, ECONOMIC CONDITIONS AND OTHER FACTORS AS DETERMINED BY THE PRIME SPONSOR AND MUTUALLY AGREED ON BY THAT PRIME SPONSOR AND THE DEPARTMENT OF LABOR.

MINNESOTA'S PRIME SPONSORS ALSO STRONGLY BELIEVE THAT THE DEPARTMENT OF LABOR HAS A RESPONSIBILITY TO GO AFTER CHRONICALLY POOR PERFORMERS AND IF NECESSARY, WITHDRAW THEIR RIGHT OF PRIME SPONSORSHIP. WE HAVE HEARD IT SAID THAT 90 PERCENT OF THE REGULATIONS ARE WRITTEN FOR THE SMALL PERCENTAGE OF PROGRAMS WHICH ARE CHRONICALLY A PROBLEM. I DO NOT BELIEVE IT EITHER FAIR, APPROPRIATE OR COST EFFECTIVE TO UNNECESSARILY HANDICAP THOSE WHO ARE SINCERELY AND COMPETENTLY DOING THEIR JOBS. OVER REGULATION IS NOT SYNONYMOUS WITH ENFORCEMENT. ACTIVE ENFORCEMENT OF SIMPLE, THOUGHTFUL AND REALISTIC REGULATIONS IS FAR PREFERABLE TO THE CURRENT PRACTICE OF IMPOSING INCREASINGLY RESTRICTIVE REGULATIONS WITH EACH NEW ABUSE.

I WOULD LIKE TO AGAIN THANK YOU FOR THE OPPORTUNITY TO OFFER OUR ASSOCIATION'S VIEWS. MINNESOTA PRIME SPONSORS STRONGLY BELIEVE IN THE EFFECTIVENESS AND IMPORTANCE OF EMPLOYMENT AND TRAINING PROGRAMS, FOR THE PEOPLE WHO PARTICIPATE AS WELL AS FOR THE ECONOMY AS A WHOLE. WE BELIEVE CETA HAS DEMONSTRATED ITS ABILITY TO WORK WITH OTHER COMMUNITY RESOURCES

TO MEET THE EMPLOYMENT AND TRAINING NEEDS OF PEOPLE AND PRIVATE INDUSTRY. THE CETA SYSTEM IS ON THE RIGHT TRACK. IF WE CAN MAINTAIN THE FLEXIBILITY TO BE INNOVATIVE AND RESPONSIVE TO THE NEEDS OF OUR LOCAL INDUSTRIES AND OUR PEOPLE WHILE MAINTAINING OUR ACCOUNTABILITY TO LOCAL ELECTED OFFICIALS, THE CONGRESS AND THE FEDERAL GOVERNMENT, THE SYSTEM WILL FLOURISH. WE LOOK FORWARD TO WORKING WITH YOU IN THE COMING MONTHS AS THE SYSTEM FOR THE 1980'S BEGINS TO TAKE SHAPE.

CETA IN MINNESOTA

An Analysis of the Impact of the Proposed Budget Reductions for the Comprehensive Employment and Training Act

Prepared by the

Office of Statewide CETA Coordination
Minnesota Department of Economic Security

INTRODUCTION

The current process establishing the Fiscal Year 1982 and revising the Fiscal Year 1981 budget has had a significant impact on the Comprehensive Employment and Training Act (CETA) program. The withdrawal of current year program funds targeted for public service employment has caused major disruptions in planned levels of service to people. FY'82 budget levels will further reduce resources, resulting in CETA funding in Minnesota, based on current DOL planning estimates, of $29 million. This contrasts with a current funding level of more than $70 million.

This paper is intended to give the reader an understanding of what services the CETA program has provided to Minnesotans. It is further intended to examine the impact of current budget cuts as well as proposed budget levels on the system and the people it serves.

The data utilized for this report are program reports and planned activity of the Minnesota CETA Prime Sponsors. The data in some cases have been projected. The responsibility for the analysis and projections rests with the Office of Statewide CETA Coordination.

CETA IN MINNESOTA

Since the Comprehensive Employment and Training Act as signed into law in 1973, 333,110 Minnesotans have been provided employment and training services. Programs under CETA range from summer jobs for youth in schools and other governmental agencies to on-the-job training with a private sector employer for adult job seekers.

CETA is targeted on improving the employability of its participants through assessment, training and job experience with the goal of economic self-sufficiency through unsubsidized employment, primarily in the private sector. Since the 1978 Amendments, CETA has focused its services almost exclusively on economically disadvantaged people, people who receive public assistance or have incomes below federal poverty guidelines. The following table illustrates the kinds of people CETA served in Fiscal Year 1980.

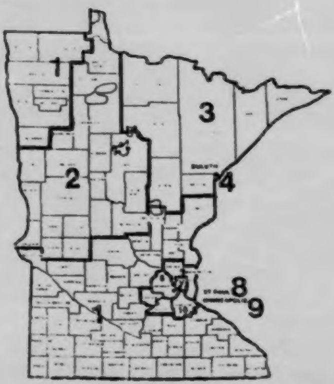
TABLE I

Participant Characteristics
for all Programs
October 1, 1979 - September 30, 1980

Youth: 21 and under	59%
Adults: 45 and over	6%
High School Dropouts	18%
Public Assistance	31%
Economically Disadvantaged	96%
Veterans	8%
Handicapped	13%
Offenders	7%
Underemployed	3%
Unemployed	54%

The CETA program is locally planned and operated by Prime Sponsors. In Minnesota, there are ten governmental units who act as Prime Sponsors. (See map below). In addition, American Indian and Migrant programs are funded to serve those special populations.

1. Balance of State CETA
2. Rural Minnesota CEP
3. Region III Consortium
4. City of Duluth
5. Quad Counties Consortium
6. Hennepin County CETA Services
7. Ramsey County CETA
8. City of St. Paul
9. City of Minneapolis
10. Dakota County CETA



Since 1973, more than $567 million has been expended on CETA programs in Minnesota. Of this amount, $258.7 million, 45.6%, has been expended for Public Service Employment programs (PSE). Of the total funds expended for all programs, $391.8 million, or 69%, have been spent on wage or allowance payments to CETA participants.

Funding for CETA has increased significantly since the beginning of the program. The following table illustrates the funding levels for Minnesota since 1974.

TABLE II

CETA Allocations for
Minnesota Prime Sponsors
All Programs

	Title I Prime Sponsors[1/]	All Programs
FY'74	$ 36,008,544	$ 36,300,294
FY'75	57,566,863	63,201,420
FY'76	75,801,256	82,944,993
5th Qtr. FY'76	8,327,684	9,231,794
FY'77	73,047,095	83,829,642
FY'78	117,147,172	129,684,409
FY'79	112,972,505	129,181,512
FY'80	73,375,652	87,647,226
FY'81	70,873,190	N/A

1/ Excludes Governor's Special Grant

As noted above, CETA's major focus is preparing participants for unsubsidized employment. Since its beginning, CETA has assisted a total of 77,613 people in securing unsubsidized jobs. The table below shows the numbers and percentage rate of placement for the 1980 program, including the number of private sector placements. The data for all programs includes activity from youth employment programs and other CETA efforts which are not primarily placement directed. Data for Titles IIB and VII are for programs primarily directed toward placement.

TABLE III

Placement Activity
October 1, 1979 - September 30, 1980

	All Programs	Titles IID & VII
Entered Employment	10,395	5,797
Placement Rate 1/	31.1%	45.8%
Private Sector Placements	7,211	4,704

1/ Entered Employment divided by Total Terminations less Transfers to other subparts.

CETA has been a major resource to Minnesotans in need of employability services. The program has assisted youth and older workers, the mentally and physically handicapped, school dropouts, minorities, and other population groups to be trained and secure employment.

CETA has also been a major resource to Minnesota's employers. CETA has assisted employers financially in hiring thousands of people for their workforce through its on-the-job training program. CETA has also provided thousands of trained and motivated people for Minnesota's employers through its job development and placement programs.

THE BUDGET OUTLOOK

- Introduction

The current deliberations on the FY'82 budget and actions already taken on the FY'81 appropriations have had, and will have a direct impact on the CETA system and its ability to provide employment and training services to Minnesotans.

The most immediate impact is on services available during this current fiscal year, through September 30, 1981. The following section examines that impact.

- The FY'1981 Program

This current budget year has been characterized by initial uncertainty and subsequent drastic cutbacks. With the action of the Administration and and Congress, CETA's budget, specifically Titles IID and VI (characterized as Public Service Employment), was significantly reduced in this program year. The following table illustrates the initial and current FY'81 budget for Minnesota, with FY'80 as a comparison.

TABLE IV

Total Allocations Available[1]

	FY'80	FY'81 (initial)	FY'81 (revised)
Title IIB, C	$24,985,491	$27,801,773	$27,801,773
IID	17,551,008	23,122,462	14,072,651
VI	10,834,220	12,462,830	5,251,021
VII	3,666,285	4,748,983	4,748,983
IV YETP	5,570,694	6,620,942	7,059,286
YCCIP	1,342,255	1,550,885	1,550,885
SYEP	9,425,699	10,388,591	10,388,591
TOTAL	$73,375,652	$86,696,466	$70,873,190

[1] Excludes Governor's Special Grant

The reaction to the reductions, which took place in March of this year, have been to terminate existing participants from the program due to lack of funds and to shift existing participants to other programs. The net effect of this action is that planned levels of services have been significantly curtailed. Several of the CETA Prime Sponsors have had to temporarily suspend new enrollments and take other serious administrative steps. A number of staff have received notices of layoff as a result of the cutbacks. The following table illustrates the impact of the cutback in funding for this current year.

TABLE V

October 1, 1980 - September 30, 1981

	Initial Planned Total Participants	Revised Projected Total Participants	Difference
Title IID	8,307	5,576	2,731
VI	2,563	1,715	848

While Prime Sponsors have made every attempt to minimize the impact of the cuts on existing program participants, the overall impact on people to be served is dramatic. From an initial planned level of service of 10,870 people in Titles IID and VI, reduced funding during 1981 will result in service to 7,291 people. As a result of the transfer of 1,444 participants to other titles, a total of 5,023 will not receive services from CETA in FY'1981.

Although it is not possible to know who the people are who will not be served, by using current characteristics of existing participants, a profile can be developed that would be representative. The following table portrays that population.

TABLE VI

Profile of People who will not be Served in FY'1981

TOTAL	5,023
Youth: 21 and under	1,306
Adults: 45 and over	703
High School Dropouts	1,256
Public Assistance	1,607
Economically Disadvantaged	4,822
Veterans	703
Handicapped	703
Offenders	352
Underemployed	100
Unemployed	4,018

(Based on 4th Quarter FY'1980 characteristics for Titles IID and VI).

Projecting current pattern of outcomes, 1,248 participants could have secured unsubsidized employment. For those who would have been public assistance recipients or otherwise dependent on state or federal support, this lack of opportunity translates into increased costs for state and local government.

As an example, if a projection of placement rates of public assistance recipients who would have been served is made, approximately 300 people would have received unsubsidized employment. Assuming that of the 300 people, one half were on AFDC and of those 150 people, 50% earned incomes to remove them from welfare eligibility and the other 50% earned incomes to reduce their grants 50%, an annual welfare savings of $468,000 would have been generated.

* * *

A primary rationale for the cuts in CETA for 1981 (and 1982) is that the Public Service Employment program (PSE) has not proven effective and therefore should be eliminated. Thus in 1981 funding for Titles IID and VI of CETA were significantly cut in the middle of this year and will receive no funding in FY'82. While there is evidence to show that PSE has been a useful and effective program, another factor is that Titles IID and VI are not solely utilized for PSE activities. The following table illustrates the fact that the majority of participants in Title IID in FY'1980 were in non-PSE activities, such as classroom training, on-the-job training and other private sector outcome oriented programs. Although the percentage of non-PSE activities is not as high in Title VI, it is still substantial.

TABLE VII

Title IID	FY'80	Percentage
Participants		
Total	8,849	100.0
Non-PSE	4,635	52.4
Expenditures		
Total	$16,928,430	100.0
Non-PSE	$ 7,510,289	44.4

Looking at the impact of the elimination of Titles IID and VI from the perspective of the total program shows the significance of the loss. For FY'1980, Titles IID & VI represent 26.4% of the non-PSE expenditures and 21.3% of the non-PSE participants. The table below displays this data in greater detail.

TABLE VIII

Program	Non-PSE Expenditures	% of Total	Non-PSE Participants	% of Total
Title IIB	$22,402,421	69.2	22,423	78.4
Title IID	7,510,289	23.2	4,635	16.2
Title VI	1,037,781	3.2	644	2.3
Title VII	1,428,943	4.4	912	3.2
TOTAL	$33,379,434	100.0	28,614	100.0

- The FY'82 Budget

As is the case for a number of federal programs, the exact funding picture for FY'82 is not clear at this time. However, from the initial administration proposal and from Congressional action to date, a picture of 1982 can be developed. The table below displays the budget levels assumed, and compares them with the initial and final 1981 levels.

TABLE IX

National Budget Levels

	FY'81 Initial	FY'81 Final	FY'82 Planned
Title IIA, B, C	$ 2,117,000,000	$ 2,117,000,000	$ 2,294,000,000
Title IID	2,199,000,000	1,282,300,000	-0-
Title IV (YEDPA)	766,000,000	715,000,000	300,000,000*
Title VI	729,000,000	607,300,000	-0-
Title VII	150,000,000	150,000,000	325,000,000
TOTALS	$ 5,961,000,000	$ 4,931,600,000	$ 2,919,000,000

* Not included in the Reagan Budget.

The only significant issue remaining is whether Title IV-A Youth programs will be funded in FY'82 or whether youth activities will be rolled into Title IIB. It is a reasonable assumption that youth programs will be funded at a reduced level, which Table IX above assumes.

The Department of Labor has issued preliminary planning estimates to CETA Prime Sponsors for FY'82. The table below displays those estimates. Note that no estimates for Title IV-A are provided. This is consistent with the Administration budget proposals.

TABLE X

Minnesota FY'82 Planning Estimates

Title IIB, C	$25,022,000
Title IV-A	-0-
Title VII	3,978,000
TOTAL	$29,000,000

The following sections describe the FY'82 Budget proposal by CETA program title:

Title IIB, C

This title will become again the primary mechanism for providing employability development services to Minnesotans in need. Based on the proposed budget levels, 25,045 Minnesotans will be provided services, using cost data from Fiscal Year 1980 as a guide.

The structure of programs under Title IIB will be dependent to a great extent on whether youth programs under Title IV-A are funded in FY'82. If separate youth programs are not funded, the composition of services under IIB could change as attempts are made to provide more services to in-school youth.

Title IV-A

Assuming a level of new funding of $300 million and with other steps DOL intends to take, it could be expected that funding and program activities would approximate 49% of the FY'81 level. Based on FY'80 data, this would mean that 2,938 youth could be served.

With the real possibility of no funding, youth program activities will be combined under Title IIB and Prime Sponsors will need to determine priorities for services among all of the eligible populations. Under either circumstance, the ability to serve youth with family incomes exceeding economically disadvantaged will be eliminated, along with the flexibility to provide certain services to school populations without regard to income. This will reduce the flexibility of youth program efforts in FY'82.

Title VII

The Title VII program has not been targeted for funding reductions. A recent provision in the law will have the effect of reducing direct funding to Prime Sponsors while establishing a competitive process for funding economic development/employment and training initiatives.

CONCLUSION

Under any circumstance there will be significant financial and programmatic changes in CETA during fiscal year 1982. There are pending budget proposals and amendments to CETA which may have dramatic affects before reauthorization occurs next year. Elimination of hold harmless provisions and local match requirements are recent examples of changes being contemplated in advance of reauthorization. It is important that we keep abreast of congressional and administration proposals and convey our local concerns regarding the impact such changes may have on Minnesota.

Senator **Quayle**. Let me just pick up on a point Mr. Brumfield touched on, and that was the involvement of the private sector, and, more specifically, title VII of CETA, which was enacted in 1978. This is the second panel of prime sponsors that we've had at this hearing. We had one yesterday, basically Indiana primes sponsonsor representation, and everyone sort of touches on private sector investments and then goes on. I would like to explore whether this involvement has been successful from your point of view; if it's an area that we ought to concentrate on expanding as we rewrite the CETA law; has title VII worked? Has the concept of PIC councils worked? Have they been helpful? Is it an intrical part of the program that we ought to continue or not?

From the Floor. Senator, and associates——

Senator **Quayle**. Would you identify yourself?

From the Floor. Yes, I am Sam Bernstein, former CETA Director for the city of Chicago, and former employment security administrator for the State of Illinois.

I would like to respond because of my belief, as I am sure you are in agreement, that there is a very, very important role for this private sector to play in the development in our human resources as it relates to employment possibilities in the private sector.

The concern I've had over the years is the degree of lip service we have received from the private sector, as it compared with the actual performance, where every opportunity had been afforded.

As has been pointed out by many of those who have appeared here earlier, the small businessman has, to a very significant degree, responded to the invitation extended to him by the CETA program to participate, not as much as any of us would have liked, but, certainly, more than we have received in the way of response from the larger companies in America.

The Federal Government has tried time and again to deal with that segment at the national level by dealing with the Fortune 500 companies, trying to enlist their more active participation. I don't have to tell you about the National Alliance for Businessmen, because I'm sure that you know more about that specific relationship than I will ever know.

But what concerns me is the fact that in the last year, or two, has been the notion that, because of certain kinds of statistical reports, which indicate that the small business community has provided most of the entry level jobs for people seeking jobs than has been the case in the past, or, certainly, than has been expected from large industry. And large industry has expounded on that aspect. Now, what concerns me is this: Several years ago, some of our more socially conscious, large companies, in essence, were willing to commit themselves to about a 10-percent allocation of the new entry level jobs for those who are less advantaged, to give those that had been structurally unemployed an opportunity to get some kinds of entry through, and, at least, a handle on the bottom rung of the opportunity to enter employment. And that challenge had been made, as I remember, to the Carter administration to respond, but they refused to accept the ball and attempt to expand that program on anything like a nationwide effort that the President could have launched if he had been interested.

Now, I believe that with the approach of the Reagan administration, the challenge is there, like it has never been, to the private sector. The private sector has said that the public sector cannot do the job, but that it could. We ought to give them the chance, it seems to me at this stage, to support, through actual performance, what has been a promise up until now on the part of the private sector.

If the private sector were to just take on the opening of job opportunities, and if the private sector were only to just consider the vacancies that develop by reason of turnover in their entry level jobs through attrition, such as through deaths or retirement, and gave the CETA community just a reasonable percentage of those job openings in order to make them available to people who are structurally unemployed, it would add up to a tremendous contribution to solving our structual unemployment problem.

And I would strongly urge that we do emphasize, in all of our approaches, to the private sector a new responsibility by reason of the promises of the Reagan administration and its dependence on their support.

Senator QUAYLE. OK. Anybody else?

Mr. BUBOLTZ. Senator, my response to that question may, in fact, be a slight bit different than Mr. Bernstein's, because I'm responding from the basis of a very rural area. This area is comprised of 19 counties, and 20,000-plus square miles, and has very small businesses, in fact the average employer has about four employees. To involve any large number, even through a very massive PIC Council, is difficult, and then to get those people, in fact, to represent a large portion of the business community, is an impossibility.

I believe the private sector is willing to do things when, the potential economic incentive is present; however, in our area, this is impossible. I believe there's a large part of the United States, especially north and Midwestern States that are economically stagnant, if not in a depression. Unemployment rates are extremely high. Over 20 businesses, in the small town that I come from, closed their doors last year, so business simply cannot respond, no matter what the intentions, in employing poor people.

I found the PIC's to be useful in terms of having someone from the outside look at our programs and provide advice, which I believe is important. But to judge their involvement in terms of actually having their involvement, hiring people they have failed in certain areas of the country, simply because of the economic climate.

Senator QUAYLE. So, you're basically saying, that in the rural area, that you represent in Minnesota, the actual training and the employment possibilities are not going to be able to be absorbed by the private sector; is that what you're saying?

Mr. **Buboltz**. Yes.

Senator **Quayle**. Not at the present time.

Mr. **Buboltz**. I believe that private industry could help, if the economy improved dramatically. Unfortunately, we have been looking for the economy to improve for 5 or 6 years, and this hasn't happened. In many parts of this country rural economies lag far behind the national economy in terms of productivity and severity of unemployment.

Senator **Quayle**. Would you make any fundamental changes in title VII that presently exists?

Mr. **Buboltz**. Very frankly, title VII, can do little more than what presently can be done in title II(b). It's merely an emphasis, on the private sector, and, of course, includes the advisory aspects of the private business community.

So, as far as we're concerned, it doesn't accomplish anything special, let's put it that way.

Senator **Quayle**. In other words, the additional emphasis wasn't any real benefit, as far as you're concerned?

Mr. **Buboltz**. No.

Senator **Quayle**. And that's what it was; title VII was setup to assure a certain amount of money was allocated for private sector involvement. I'm curious about the prime sponsor's point of view. I've heard from a member of prime sponsors at these hearings but they have just touched on this issue and gone on. This is of interest to me, because a lot of the testimony—we had some businessmen here yesterday saying, by golly, we want to become more involved. But things in the business community and the situation may be a little bit different in Minnesota than in Indiana. You know, in Indianapolis, we have very good, strong working relationship, and we could probably say that for the whole State. It varies from State to State, and that's why it's important to hear from different States, and that's why we're going around the country.

But I am interested in title VII, and what you think the future holds.

Mr. Brumfield?

Mr. **Brumfield**. Senator Quayle, I have a couple of comments, I think, I would like to bring up.

I guess—I think the business community is going to be involved with CETA when we can design a program where the economics work out for them. They're there to make profit, and we have to be able to provide workers that they can hire and become productive in a very short time.

And once we can get the business community convinced of our ability to do that, then it's a natural hiring thing. They need workers to sustain their economic growth. If they're planning on increasing in size, I think that's one area where we can look for CETA people to work; if they have people retiring, or whatever, they're going to look for highly productive people. That's really the name of the game, today, productivity. And, so, productivity is very important to all businessmen, and if we can show them that CETA can be the answer, or one of the answers, to increasing their productivity, that will help a lot.

And I would think that the title VII program, as it is now, I guess I feel that we've had good experiences with it. It has brought the business community to a greater awareness of CETA. It's really what we need in a lot of ways. And their involvement, I think, will have some good effects, but it's too soon to reassess what's happening with private industry councils. They've been slow to start, because you can't bring someone in from private business, and, say, "Here's our CETA system, how can you make it work better?", because they have to learn what the system is all about before they can see how it might be modified to be of better use to the business community.

Senator **Quayle**. Has there been any change in attitude in the business community in the last couple of years; social consciousness, the problem with the handicapped, the disadvantaged, the structurally unemployed, now that it has been brought to their attention through the CETA program and other programs? Have you seen any change?

Mr. **Brumfield**. I think we've had in our area—of course, in Minneapolis area, we have a number of large companies, who have—Control Data Corp. being one that sticks out as one who has taken a social role for quite some time, and feels a social responsibility to help out in these programs, and has been involved in a number of different areas in employment and training.

But I think there is an awareness on the part of the community that there should be some things done to help people find jobs, because it's good for the community as a whole.

But I think, as it was pointed out here earlier, small business, they don't have the time in a small business to devote to the things that we need. So, we have to design our programs so that small business can access our program very easily, and it becomes, you know, something that they want to do, because of the economics that are associated with it.

Senator **Quayle**. Mr. Brown, what about the city of Chicago; how do the PIC programs work there? Have you had good success or not?

Mr. **Brown**. Well, Senator, just a couple of comments, and I think they've all, really, been touched upon here.

I think the special emphasis of title VII, certainly, has heightened the awareness and the participation of businesses, but, as has been mentioned here, I think it's more of a promise than an actuality in terms of the whole accountability factor on the part of private industry there.

As has been mentioned, small businesses make up a large part of the business sector, and they're just not established yet to handle a large volume of those individuals, if they are to participate.

I just would piggyback on the comment that, certainly, the vehicle is there for participation and, give them the ball, it's yet to be proven whether or not they will pick it up. As yet, they have not.

The private industry council, certainly, has provided the city of Chicago the input from the businesses, and, as has been indicated, many of them have taken that ball. Illinois Bell is one company that, certainly, has contributed heavily in participating in that whole title VII involvement.

But the whole economy of scale has to be taken into account, too, in terms of emphasizing title VII, in that, the small businesses are there, and there's so many of them that the whole prime sponsor arrangement, certainly, would facilitate a greater involvement if they had the primary responsibility for the training programs rather than the private sector.

Senator **Quayle**. How about it, Mr. Wince, you represent a rural area? Do you agree with Mr. Buboltz's problem with private sector involvement? Ohio is not much different in unemployment than Minnesota, I wouldn't think.

Mr. **Wince**. I guess I'll take that as a compliment, to be compared to Larry's area, but we're a semi-rural, semi-industrial, area in the central part of Ohio, four county area.

Senator **Quayle**. So, you have urban, as well as rural?

Mr. **Wince**. Well, yes, depending on what you call urban. [Laughter.]

We surround Columbus, Ohio, on about three sides.

In response to your question about what could be done with title VII, I think you need to relax restrictions on working with private employers. Larry said that it's not too much different than title II. Title VII has been a vehicle to get people involved in the private sector.

In our area, we've really expanded that. I don't know if this is legal or not, but we got rid of our advisory council, and our youth council, and so forth, and we let the private industry people get involved in planning, and help us implement, and evaluate the programs for all the titles. So, we have one council now. It's strictly private industry.

The one thing that we have done is kind of create a competition with our private industry people. We've got four counties. Each county picked subcommittees involved in setting goals for their county, and the numerical objectives, and we have meetings, and, you know, compare that sort of thing. So, that competition doesn't hurt.

The thing I would like to mention, that maybe Mr. Bernstein touched upon, is that there needs to be a role for somebody to work with employment and training. The private sector business, their primary business is not employment and training. It never will be.

John, do you have anything?

Mr. **Kelleher**. I represent northeastern Ohio, Senator, which has been particularly hard hit by the problems of the automotive industry and steel, so we have a different perspective, and, probably, a different need. Maybe I can, in a capsule form, answer two or three of your questions.

I feel that in our area, anyway, title VII has forced the issue of Government and private sector working together in an area where they never worked together before in many locales; just, that relationship did not exist. So, it forced that issue, especially in our area of Canton, Ohio, and that is a good thing.

On the other side of the coin, I do see an attitude change of private industry, in a general sense, toward these kinds of targeted Government programs, for whom we call the disadvantaged, but not, perhaps, not for socially conscious reasons, but more from a need point of view. I think we make a mistake in stereotyping people, and say that the economically disadvantaged; that is, the poor, are the only ones who are disadvantaged in terms of work values, personal values, personal skills, in getting and retaining a job; being dependable, being reliable, being teachable, and willing to learn. Those lack of skills spill over into a broad spectrum of society.

We have a lot of people in an era of transition. I can relate to this from a previous 8-year stint in private industry and personnel management. I did a lot of campus recruiting. I saw the young people, even those college educated, values toward the necessity and the need to work, values toward the employer-employee relationship, became more indrawn, more introspective, more selfish. So, the values that we say the disadvantaged lack; that is, poor people, are not limited just to that spectrum of society.

So, our businesses experience a high turn of a rate for employer-employee relationships, along with an economic downturn, and on that basis, they're willing to deal with the problems, if somebody could show the way to provide both the personally skilled—and, that means attitude and behavior—along with the occupationally skilled, to do whatever jobs are out there.

I see it, that whether we're dealing with economically disadvantaged in terms of eligibility for these kinds of programs, whether we're dealing with people coming out of the normal, regular, academic high schools who are not economically disadvantaged, whether we're dealing with people coming out of the trade schools, there has to be concertive community effort to coordinate whatever's being done, and to establish priorities. No one sector can go off by itself and do the whole thing; education, government, and business must be involved.

Senator **Quayle**. Let me ask this one final question.

Almost all prime sponsors that I've talked to—CETA directors, told me to keep the current system. I've heard that time and time again, and I heard it again this morning. But, looking at it from the tax viewpoint, and some of the problems we've had, or the politics of it, or the delivery mechanism, why shouldn't we try to change the actual system of our employment and training in this country?

There has been some talk about having States more involved rather than the local communities. Yesterday, we heard from some business people advocating making it a quasi-public corporation, and have them operate the actual system.

What makes this system that we have now, in your opinion, so good, that we don't want to change the basic structure and the basic system? I think that something that Mr. Wince brought up was to have the State a little bit more involved on the administrative side, but keep the system. Everybody wants to keep the system, but why shouldn't we change the system?

I'm sort of inclined to change the system, but I keep hearing from the people that run the system not to change it.

Go ahead, tell us about Chicago, Mr. Brown.

Mr. **Brown**. In specific response to your question just a couple of comments as to why not to change.

Any time a change is involved—and it has a lot to do with money—you create additional bureaucracy if you wanted to shift it to the States. The prime sponsor system is already established. We have a number of years of hindsight in which to evaluate the effectiveness of the program. The structure, certainly, is there, and, in many States—and, now, we'll talk about Chicago—such as Illinois, the local agenda and the State agenda is quite different, and many times that agenda does not include a focus on the goal of the whole prime sponsor involvement, or the employment and training issue.

One of the current issues in Illinois that certainly highlights this is the one involving public transportation.

So, those are three specific reasons why we should utilize the current established system.

Refine it? Yes.

Redefine the role that is to be played by the prime sponsor, and, certainly, there is a role for the States. There's one now. Whether or not you want to enlarge that or not, or whether it should be enlarged, you know, it's open to debate.

But, just in summary, you have an established mechanism that has shown and demonstrated flexibility regarding employment and training programs and issues, and we should utilize the current system and evaluate those years of operation that we currently have to build on.

Senator QUAYLE. OK.

Mr. Wince.

Mr. WINCE. Senator, I would suggest there's nothing wrong with a decentralized system. The problem has been in the vacillating management, the inconsistent policy goals, the inconsistent funding levels, just the political jeopardy of the overall policy.

If you funded State governments in the block grants, although there's been concern about political interference with CETA, you're going to see a lot more of that during election years and so forth. You're going to see Governors providing funds to areas based on their political interests, rather than their socioeconomic interests and needs.

Senator QUAYLE. Larry, go ahead.

Mr. BUBOLTZ. Just two quick responses, Senator.

I definitely believe there is a role for the State in the CETA of the future, perhaps, that role could be expanded in terms of various planning and monitoring techniques. In fact, I believe there to be a very strong role for both the Federal Government and the State government, and local government, in the operation of programs like this.

Although, I believe the only real system that can respond to local needs, and understand those local needs, and, develop local solutions, is the localized operator. St. Paul, Minn., or Washington, D.C., does not understand the problems of rural Minnesota any better or any worse than the other.

Senator QUAYLE. Who would you rather work with? Would you rather work with the State officials on the decisionmaking process, or would you rather work with people from Washington?

Mr. BUBOLTZ. You've kind of put me between rock and a hard space. [Laughter.]

Senator QUAYLE. That's what it comes down to, because we're talking about flexibility, we're talking about decisionmaking. I agree with you. I think the best decisions can be made by the people that are involved. You take business, you take labor, you take your public officials there, get the people to sit down, once they come to an agreement, then go. And if you have somebody coming out from Washington, or, even, sometimes from the State, that comes down and tells the local community—I come from a small town, Huntington, Ind.—there can be a lot of resentment.

Mr. **Buboltz**. I guess in response to your question, I would primarily work with the people from Washington, because, frankly, they've got the resources. The State does not have money. [Laughter.]

Senator **Quayle**. You haven't been reading about these deficits that we have out there. The State's are the ones that have all the money.

Mr. **Buboltz**. No, then you haven't heard about Minnesota, right, Senator?

The States are in no better shape right now, and I'm afraid that if we were left to the politics of the State, areas like rural Minnesota, without a whole lot of political clout in the State legislature, would end up on the short end. And I believe, areas like that really do need the help in many ways more than some other areas. Especially those rural areas with extremely high rates of unemployment.

Senator **Quayle**. Quick comment. I've taken way too long.

Mr. **Brumfield**. I think one of the things that people haven't brought up here, I guess, and haven't touched on, is the reason this CETA system works is because of the people that are involved. I have a lot of respect for my colleagues here, and the people across the country I know in the CETA system, they're excellent people, they're really dedicated, and the system works really well. And I think it works, you ought to retain it, because you've got really good people and it's hard to get good people to implement these programs. And I think we spend a lot of dollars today developing these systems in each CETA area, and it's working well.

So, I think that, coupled with the fact that we've developed relationships. Larry has a relationship with the business people in his area; I have with the people in my area. It takes time to build that credibility up, and you've got that, build on it, because that's the best way to make the system work.

Mr. **Bernstein**. Just one quick comment.

Senator **Quayle**. One quick comment. Go ahead, Mr. Bernstein.

Mr. **Bernstein**. One quick comment. And that is the fact that the basic criticism of CETA up to now has not been its training program. If you look at the record, the criticism, to the extent that there is any validity to the criticism, has been the public service employment program.

Now, this is where we're at. This is what we're doing. And this is what we have, we think, on the basis of the record, proven that we're capable of doing.

And you don't throw the baby out with any bath water, if you can help it. And we think the system justifies, on the basis of its record, its continuation.

Mr. **Bernstein**. Just succinctly, to put it, the structural change costs, as I said before, and the prime sponsor system, really, an efficient compromise between the exclusive Federal direction or exclusive control by individual grantees.

Senator QUAYLE. Gentlemen, thank you for coming. Thank you for visiting Indianapolis, Ind., and you're welcome back any time. Hope to see you, and look forward to working with you on this issue of mutual concern.

Thank you very much.

Next Matt Dalton, the Governor's Committee on Youth Employment; from the Indiana Chamber of Commerce, Jane Titus; and the Department of Public Instruction—head of the Department of Public Instruction, State of Indiana, the Honorable Harold Negley.

The first witness on the panel is my dear friend from the neighboring city of Warsaw, who, not only is testifying here today, but was out to testify in Washington. The Governor has made an outstanding selection to have you on the Committee for Youth Employment, and the chairman of it, Mr. Matt Dalton.

Mr. Dalton, would you please proceed?

STATEMENT OF MATT DALTON, CHAIRMAN, GOVERNOR'S COMMITTEE ON YOUTH EMPLOYMENT, AND PRESIDENT, DALTON FOUNDRIES, WARSAW, IND.

Mr. DALTON. Mr. Chairman, it is a pleasure and a privilege to appear before you again.

Senator QUAYLE. Glad to have you back.

Mr. DALTON. We were much impressed with the hearings you conducted on employment in Washington on June 18 and 19 of this year.

We are even more impressed that you have moved from the banks of the Potomac to the banks of the Wabash. Thank you, sir.

Senator QUAYLE. We're glad to be back.

Mr. DALTON. During your hearings, we stated that the thrust of the efforts of the Governor's Committee on Youth Employment was preventive, rather than remedial, and what people have been talking about here today is essentially remedial.

We're talking about something that we hope will take care of the future.

We also stated that if we had an extension of the targeted jobs tax credit as it applied to co-op students by July 15, that we would be able to proceed this year with a joint chamber of commerce-department of public instruction effort.

Unfortunately, the tax bill was not enacted until August—the time the co-op teachers line up employers. And, although, it included TJTC for co-op's, there was a means provision added. I think it was 70 percent of poverty.

But if a certifying agent, other than the schools, is required, our effort to expand co-op will be made much more difficult. But difficult doesn't mean impossible. It just means that it will take longer.

I was hoping to introduce Dr. Harold Negley, the superintendent of public instruction, but he has 4,000 band members out at the fairgrounds waiting to find out which ones of those people are going to get the awards, and he asked Mike Brici, who's the director of the Division of Vocational Education in the Department of Public Instruction, to speak for him.

So, Mike Brici and Jane Titus, chairman of the Indiana State Chamber of Small Business Council, will be talking about the start of a cooperative; private sector, and schools effort.

So, may I first present Jane Titus.

Senator QUAYLE. Thank you very much.

Jane, welcome, and go ahead and proceed.

STATEMENT OF JANE TITUS, CHAIRMAN, SMALL BUSINESS COMMITTEE, INDIANA STATE CHAMBER OF COMMERCE

Ms. TITUS. Thank you for allowing us to be here this morning to appear before you.

I am Jane Titus from Coppersville, Ind.

I have just resigned as chairman of the Small Business Council of the Indiana State Chamber of Commerce, but have accepted membership on the U.S. Chamber of Commerce, Small Business Council.

I am also a member of the Advisory Council for Vocational Education for the State of Indiana.

As a small business employer, and also very interested in education, I would like to recommend cooperative education as a workable solution for many of our juniors and seniors, and a program that would also help the small business employer.

Our corporation operates several stations on salary operated status. If we could work out an arrangment with the schools for some students in the cooperative education program, it would benefit our corporation and the kids would get a work-study experience. Also, in our offices, we could give them office experience.

Many of our seniors graduate and do not know what they want to do. This type of job-related experience might help them to decide what they want to do.

The small business community is for the growth in jobs is predicted to be in the next decade. This program would introduce the kids through the intermural atmosphere where the action is going to take place.

The Indiana Small Business Council is organized now, and so could help in getting the information to much of the small business community.

The mechanics of the program must be kept simple, and the small business employer does not have time to fill out a lot of forms. In fact, that was why I was busy this morning. I'm wearing many hats this week, as I am also the bookkeeper this week.

The regulations must be kept simple, so that the small business employer could comply with them. The tax credit program must be understandable, and it must be economically feasible.

Also, the school counselors must be informed of this program, and, perhaps, some insistence that the program be put into effect, or they will overlook the program.

Back just after Sputnik, my daughter wanted to be a hairdresser, and told her guidance counselor all this while in high school. The counselor would not even consider this type of education, but kept steering my daughter toward a 4-year college education. However, my daughter persisted and did become a hairdresser, and has been most successful. Also, this is a very good occupation for a wife and mother, because she now has a shop in her home and can be at home with her children, but earn a good salary, besides.

I believe cooperative education and the small business community could work together very well, so that the program could be beneficial to both sectors.

Thank you.

Senator **Quayle**. Thank you very much, Jane.

Mr. **Brici**.

STATEMENT OF MICHAEL BRICI, DIRECTOR, DIVISION OF VOCATIONAL EDUCATION, STATE DEPARTMENT OF PUBLIC INSTRUCTION, STATE OF INDIANA

Mr. **Brici**. Michael Brici, director of the Division of Vocational Education in the State Department of Public Instruction.

On behalf of Dr. Harold Negley, I would like to read his planned testimony for you this morning, and thank you for the opportunity to do so on his behalf.

Dr. Negley wanted to make three points.

One was that he is in full support of the efforts of the Governor's Committee on Youth Employment, as headed by Mr. Matt Dalton, who he wanted to publicly congratulate on his bulldog efforts and persistence to effect some change in the habits of all of us at local, State, and Federal levels of the bureaucracy.

In one sentence, what we have to accept is greater flexibility in order to cope with the problems of employment and training which seem to persist.

His first point being the flexibility.

As a second item, we need help in all forms, some money, some changes in regulations, and, possibly, use them to effect some changes in attitudes. There's a need for greater simplification.

Finally, we need sharp focus on the persisting problems of youth unemployment. Dr. Negley is very supportive of a situation whereby he would propose that each sizable high school detail one employee to exclusively encourage and plan cooperative education, work experience, work study, all types of work regulated program opportunities, who would look for entry level jobs and keep track of the schools' progress in placing its graduates. This would be a job placement officer, if you will, and is moving that way to work with Mr. Dalton.

I have got several pages of notes that Dr. Negley had that I assume he was going to use for backup for questions, though.

Thank you.

Senator **Quayle**. OK. Thank you very much, Mr. Brici, and I certainly would echo the words of Dr. Negley, and highly commend what Matt Dalton has done in the area of youth employment. I think Dr. Negley used the word bulldog, but he's been a stalwart, and the State of Indiana can be very well satisfied to have somebody, a small businessman from Warsaw, Ind., to take his time. And, Jane, you know how it is to contribute time on an effort that is very, very important. So, you've got the selection of a very, very fine man. And I can even see my friend, Sam Jones, nodding his head yes, that's true.

And, Matt, we really want to thank you for what you have done.

Let me ask just a couple of questions. How about combining, eventually, some of our training programs and some of our education programs? It seems that we're trying to serve the same goals with these programs. Do you see a potential to make it easier to get through some of the maze of regulations and bureaucratic intrusions if we would combine these two programs to some degree?

Matt, do you have any thoughts on that?

Mr. DALTON. Are you asking that question as a U.S. Senator?

Senator QUAYLE. As a U.S. Senator, I am asking that question.

Mr. DALTON. I think that's a problem that is best addressed by the legislature of the State of Indiana, sir.

I don't want to offend you, but you said that you can handle things better in Huntington that were best handled in Huntington, Ind. We can handle them better in Warsaw that are best handled in Warsaw.

I think that the Federal Government has really usurped, because of its tax-gathering ability, I think, usurped the responsibility, first, the authority, and then, you know, we've sort of not been responsible for taking care of our own city, our own county, our own city. We look to Washington.

As the man from Winona Lakes, Minn., said, I'd rather do business with whoever has the money.

I think we have a real problem in the State of Indiana, but I think we can solve them, if we have to solve them, if we don't look to somebody else to solve them for us, sir.

I think Governor Orr's testimony yesterday was very well put, and I think we're well on our way, Senator. But I think the ball, sir, has to be in our court. Somebody has to say, "Hey, all you Hoosiers, fish or cut bait. We're not going to make the decisions for you anymore."

Senator QUAYLE. But as we decentralize, and, hopefully, move toward more of a grassroots decisionmaking apparatus, do you think it would be helpful that if we tried to combine programs. In Warsaw, you have employment services there, you've got some vocational education there, you've got some training programs going on there; wouldn't it be helpful if we had some consolidation and combining of those three programs in Warsaw, so we could make decisions that would result in a combined effort?

Mr. DALTON. I don't know, sir. If it would mean an additional layer of bureaucracy, I think it would be hurtful. If it meant less layers of bureaucracy, I think it would be helpful. I'm sorry that I'm not giving you a straight answer.

Senator QUAYLE. Let me ask another question on the cooperative education effort that you're talking about.

How would this help the youth that have dropped out of school? Would we be making an additional effort to track that individual to get back into school under this cooperative effort? Do you think that that would enhance the opportunity for these people?

Mr. DALTON. I believe so, sir. I think there's two reasons that kids drop out of school that I know about. First, they want money to buy a car, and, second, they're bored. I know about those two reasons. And that's one great thing that co-op does. It has a strong motivational component. The kids make money, and they don't have time to be bored. They're working 4 hours a day and going to school 3 hours a day. I think it would help a lot.

Senator **Quayle**. One other question. You've been a leader in this area, and I might as well get a public record. Give us your thoughts on the idea of some of the tax credits to encourage employers to hire disadvantaged youth, using the tax system as an incentive to help out in the area of training and employment?

Mr. **Dalton**. Would you restate the question, sir?

Senator **Quayle**. I would like to get your opinion on, the targeted jobs tax credit, has it worked? Should it be expanded? What's your opinion, from a small businessman and somebody that's involved in employment and training?

Mr. **Dalton**. Senator, in this room, it's not going to be a very popular thing to say, but there's a lot of personnel managers that CETA is a bad name. It's an onus on a potential employer. That's the truth.

And I think the quicker we get away from having different classes of people, and people being differentiated by income level, and those who are advantaged, and those who are disadvantaged, the quicker we get back to having just plain Americans, or Hoosiers, or kids from Warsaw, the better off we'll be.

Senator **Quayle**. Jane?

Ms. **Titus**. As a small business employer, I think there are going to have to be some tax credits, because it's a tough game out there. I know it is in our business. Competition is fierce. And there has to be an incentive to employ these kids, so there has to be something, perhaps lessening the minimum wage, to entice the small business employer to ask these kids to work for him.

Also, it seems to me—maybe I'm overstepping my place here—I believe that vocational education and the co-op program could be worked together. I'm on the vocational education advisory committee. I see no reason why those two could not be combined. And I am very enthusiastic about vocational education. I think that is where the next thrust is going to be on education. I think it is necessary. We've had too many chiefs and not enough Indians, and, now, we're going to have to get back to doing the things that are necessary to keep this country going, and I think it's about high time that we do this.

Senator **Quayle**. I would have to believe that there is room for consolidation. You didn't overstep your bounds, and I appreciate your comment, and that's exactly what we're here for, we need to find people, particularly like yourself, that have this involvement, and get your ideas.

Well, I just want to, again, thank you again, Matt, for coming back to the Banks of the Wabash, as you so aptly put it; and, Jane, for taking time out to see us.

Ms. **Titus**. Could I ask a personal question?

Senator **Quayle**. Certainly.

Ms. **Titus**. How's your grandmother?

Senator **Quayle**. My grandmother?

Ms. **Titus**. Yes.

Senator **Quayle**. My wife and three children are down there visiting her today.

Ms. **Titus**. Oh, marvelous. If you see her, give her my best, went to church with her for a number of years, and she's a delightful lady.

Senator **Quayle**. She's doing well. Mentally, she's as sharp as ever. She's as sharp as a tack. Physically, when you become 91, that's what she's going to be, you go down a little bit, but, mentally, she's still great.

Ms. **Titus**. She's a super person.

Senator **Quayle**. She really is. She's been a real inspiration to me. You know, you always look to certain people, and my grandmother has been a marvelous woman. Thank you for asking.

Ms. **Titus**. Well, I just wondered about her. I haven't seen her now for quite a while.

Senator **Quayle**. And I will certainly convey your best wishes, and thank you for coming.

Ms. **Titus**. Thank you.

Senator **Quayle**. Michael, thank you for substituting for Dr. Negley.

I didn't realize that the previous panel was going to go on quite so long.

Ms. **Titus**. Well, I think it was my fault, because I just couldn't get here, as I said, I'm wearing too many hats today.

Senator **Quayle**. You know, we were going to put the second panel on first, if you want to know the truth to accommodate Dr. Negley, and then they said, well, we have to wait for Jane. We got to wait for Jane. Well, it was 10:30, and we had to start.

Thanks for coming. You're a delight, and I enjoyed working with you, and will continue that.

I had hoped that we would be able to go to the third panel before noon, but we're not going to be able to do it. I understand that Mr. Brooks has a scheduling problem, and we will try to accommodate him now briefly, and then we will have to recess. We will take the other three panels this afternoon, and we will begin the hearings promptly at 1:30, and the third panel, on the witness list beginning with Mr. Wright will be the first panel this afternoon.

Mr. Brooks.

STATEMENT OF CLYDE H. BROOKS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, MINORITY ECONOMIC RESOURCE CORP., INDIANAPOLIS, IND.

Mr. **Brooks**. Thank you, Senator.

I represent the Chicago chapter of the Southern Christian Leadership Conference, and the Minority Economic Resources Corporation.

MERC stands for the Minority Economic Resources Corporation. For the last 9 years has been working very closely with the private sector, and for the last 4 or 5 years we have operated CETA industrial training programs, providing qualified, entry-level employees for companies such as FERMI Laboratories, Nalco Chemical, Danley Machine Corp., and other companies in nontraditional employment areas, such as machine operators, chemical technicians, electronic technicians, automated accounting, and so forth.

So many of the comments that other witnesses have said, I would have said, too, so I will only emphasize those points which I would like to be reflected in the official record of this hearing.

First of all, I think the problem with CETA is not actually related to CETA. The problem that CETA confronts is that the program has yet to be accepted by the private sector as a legitimate training program that can meet legitimate business needs.

For anyone who would like to see qualified, hard-working, CETA training graduates working in the private sector in unsubsidized jobs, come to Chicago, come to Schuamburg and Des Plaines, Ill. I will be glad to show them around. CETA is working, but it's like public housing and so many other similar programs, we have too few models.

According to the NBC News White Paper, Senator, to quote:

> When America works, America works. The United States has no national manpower policy. Of all the industrial nations, the United States has the worst correlation between its public education and its private industry. West Germany's Federal Labor Office has a computer survey on what companies need and what kind of workers those companies need. The United States has a monthly report on classified ads.

I provide the quotation, Senator, for several reasons. I think CETA is needed, but CETA alone is not enough. We've got to get the private sector more involved.

Our position is that we need a national manpower policy on full employment. Congress attempted to deal with this issue some time ago through the Humphrey-Hawkins Act. While a modified version was adopted by Congress, provisions for implementing the act haven't been pushed. But I think that was America's attempt, Congress attempt, to try to wrestle with the issue that is before us now. And I think CETA must be part of a national program, rather than a band-aid approach. Ever so often, because of high taxes and inflation, the American public becomes concerned, and you have an element of conservatism that sets in. There's a tendency to, because we don't have the facts, to make certain unfounded judgements about the quality of such programs like CETA.

It seems to me that if we had a national manpower policy, there are several objectives the policy ought to carry out. One, certainly, relates to job forecasting and worker retraining. Certainly, the policy must address our lagging educational system; a system that a lot of us believe is far too permissive. Too many young folks are graduating from high school, or not graduating from high school, who cannot read and write at the 6th grade level, and who are not ready for the world of work.

It would seem to me that it might be time for Congress to take a look at a modified version of the old CCC program [Civilian Conservation Corps] for youth who need a variety of support services before entering private employment.

I would like very much to see—and I speak on behalf of our organization, Senator—a Camp David meeting on the domestic problems of America, on the unemployed. We have Camp David meetings on the problems of foreign countries, which are fine, but having 1,200 areas designated as labor surplus areas, in this country is a serious unemployment problem that needs national attention.

In summary, we would like to see CETA as a part of a national manpower program. We would like to see, Senator, your committee continue to support that legislation. We commend you because it was you that took the initiative to help extend the legislation for another year, and we're very appreciative to you for that kind of leadership. A national manpower policy must also address day care. The majority of citizens in the labor force today are women. Many of those women are single, female-headed households. This problem is so major that I wish I really had time to get into it, but you have my prepared text.

Thank you very much.

[The prepared statement of Mr. Brooks follows:]

Testimony of Mr. Clyde H. Brooks, President and Chief Executive Officer Minority Economic Resource Corporation (formerly the Minority Information Referral Center)

Before the Committee on Labor and Human Resources
Subcommittee on Employment and Productivity

August 26, 1981

Indianapolis, Indiana

Senator Quayle and Members of the Committee:

I appreciate this opportunity to present the views of the Minority Economic Resource Corporation (MERC), a not-for-profit organization headquartered in Des Plaines, Illinois. MERC has been in the vanguard of promoting economic opportunities for minorities and women for nearly a decade. During the period from 1972 to the present, we proudly have placed hundreds of minorities and women in unsubsidized jobs and job-linked housing. We have successfully promoted business linkages between major corporations and minority suppliers of goods and services, and have trained and placed hundreds of minorities in non-traditional areas such as machine operator, chemical technician, electronic technician and automated accounting positions -- using C.E.T.A. as a "tool and not as an end". MERC has been successful in these efforts largely through the help of its forty member Minority Industrial Relations Council (MIRC). The Council's membership includes major corporations such as United Airlines, Xerox, Sears, Illinois Bell Telephone, Honeywell, Motorola, Brunswick, Baxter-Travenol Laboratories, Jewel Foods, Nalco Chemical, Scott Foresman, CBI Industries, Official Air Line Guides, Singer, and the Vapor Corporation.

It is our hope that by participating in this hearing, MERC can assist Congress with identifying meaningful solutions to the serious unemployment and inflationary problems that are crippling many of our citizens.

Senator Quayle, we would also like to take this opportunity to thank you for your leadership in introducing S.648 which extended C.E.T.A. for another year. We strongly believe that C.E.T.A. is a meaningful vehicle for helping disadvantaged Americans become independent and contributing citizens. However, we also believe that a total assessment of the entire employment and training programs funded by the federal government should occur. In all honesty, we must admit that despite President Johnson's Great War on Poverty and the expenditure of millions of tax dollars, unemployment for some communities is greater today than any time since the great depression. However, this morbid fact could also apply to taxes, immorality, job frustration of many citizens and the threat of nuclear war. However, we believe there are solutions to America's economic problems -- what is needed is not less money but redirecting available funds similar to the rebuilding of Japan and Germany following the Second World War. It was largely American tax dollars and American "know how" that allowed Japan and Germany to rebuild and modernize its factories.

We believe it is time that we apply this "know how" in America to rebuild our economic base.

As published in the Congressional Record, this sub-committee is concerned with several basic issues. We will address each of these.

What are the Appropriate Objectives of an Employment and Training Policy?

The heart of America's free enterprise system is the desire to allow individuals to compete freely in the economic development of this great nation. Unfortunately and for a variety of reasons, there has been a corroding force that is making the free enterprise system and the work ethic principle nothing more than a dream.

According to the NBC News White Paper, "When America Works, America Works", "The United States has no national manpower policy...Of all the industrial nations, the United States has the worst correlation between its public education and its private industry...West Germany's Federal Labor Office has a computer survey on what businesses need what workers. The United States has a monthly report on classified ads. And we wouldn't have that unless a private research group paid its employees to do it."

The job market in the United States is undergoing one of the most dramatic changes in our history, perhaps even greater than the time of the industrial revolution. The absence of a coherent policy and program on manpower which entails both job forecasting and worker retraining is preventing the fullest and most productive use of our labor force and frustrating the advancement of the nation's economic machine. It is clearly in the interests of all concerned, labor, business, and government, that a collective effort be made to substantiatively address the situation. As the White Paper concludes, "We have only to answer one question: in terms of our economy, our people, our pride, which costs less: training or welfare?"

The President's Economic Revitalization Program goals are bold and must be supported; however, this Committee surely recognizes that the increased military budget detracts from the need to develop a national manpower policy and to implement programs to carry out the policy.

As pointed out by Alice Tepper Marlin, Executive Director of the Council on Economic Priorities, "a billion dollars spent building the MX missile would generate roughly 53,000 jobs; however, the same billion spent instead on mass transit, a serious need in America, would create 79,000 jobs; and spending it on child care would create 120,000 jobs."

To promote employment and reduce inflation, the President is deregulating industry, decreasing the tax burden on taxpayers, and accelerating capital depreciation provisions. His goal is to encourage industry to expand their businesses, thereby creating new jobs rather than placing profits in high interest money markets. We must support the President in any reasonable effort to curb unemployment and inflation; however, it must be understood that a public policy on manpower and training is being formulated via deregulation and budget cuts. It would appear that this new policy is based on a strong belief that the private sector must take the initiative in solving employment and productivity problems. While we must be optimistic, our optimism is flavored with doubt. We all remember the Chrysler bailout and what followed. They moved a number of jobs to Mexico. Zenith moved plants outside the United States, alledgedly to take advantage of less costly labor. The Oil Industry -- we remember the long gas lines, gas lines that were unnecessary because there was no gas shortage at that time. What is the point? Industry has not always performed in the best interest of America.

We need a national manpower policy -- a policy whose goal is based on full employment of all able bodied Americans. While Congress passed the Humphrey-Hawkins Full Employment Bill, it was a "watered down version" of the initial submission by its authors -- and there has been little support even for the weaker version. This was a bold attempt by Senator Humphrey and Representative Hawkins to have Congress seriously address a national employment/manpower policy because America is moving faster and faster into a stage of advanced technology -- leaving far to many Americans harnessed to decreasingly numbers of unskilled and out-dated jobs. For example, the United States Post Office predicts that continued automation will eliminate 200,000 jobs. America needs a national manpower policy because there is a serious credibility gap between industry and consumer. Only a national manpower policy along with resources adequate to carry out the policy can we launch an attack on the cancerous economic deprivation in the 1,200 communities targeted by the federal government as "labor surplus areas". Until we in government, industry, labor and the community recognize that the beginning of our current economic problems is not in workfare, welfare, and high taxes, but started more than twenty years ago -- a period where America devoted its energies and resources to the Viet Nam war, space exploration, and producing high-priced energy consuming automobiles. At the same time, Japan, Germany and other foreign countries focused their attention on building the Toyota, Honda, the Datsun and other energy saving vehicles for less dollars. They cultivated their knowledge and production of less expensive computers, communication systems, and other highly technical hardware. Today, the United States is facing world wide competition -- unable to compete successfully in the world's marketplace.

A national manpower policy and program must address our lagging educational system -- a system far to permissive. Too many Americans are dropping out of school, or upon graduation, can not read at the sixth grade level. Schools are to prepare our citizens for the future -- and the future requires work.

Programs to help carry out a national commitment to resolving unemployment, education, and crime problems must include an assessment of the need to reactivate the Civil Conservation Corp (CCC) of the 1930's and '40's. The new CCC Program must include an introduction to the age of technology and the work ethic.

What are the Best Methods Tor Carrying Out the Objectives of Employment and Training Policy?

Any Employment and Training Policy must include the private sector, a sector that should be more aggressive in manpower planning and training.

Many companies have participated in government employment programs; however, such participation has largely centered on humanitarionism, corporate social responsibility and/or affirmative action interests.

The objectives of an employment and training policy must also include 1) a meaningful job forecasting mechanism by geographical area; 2) the direct involvement and accountability of industry in meeting long-term manpower needs; 3) incentive programs, beyond tax break, to move industry into what Mr. Reagan refers to as "zones" -- depressed areas with a labor surplus. Incentives should include free land and major long-term procurement contract given only to companies in designated zones. Far to many companies have moved jobs to foreign countries, suburban areas, and to the sun belt -- denying thousands of able bodied citizens an opportunity to work.

The President's desire to get the government off the back of industry should be reviewed. Such a desire should be tempered with a historical view of the permissive rule of government in dealing with industry prior to 1960. OSHA, EEO, the Public Accomodation Act, and a host of other federal government regulations and programs occurred largely because industry would not or could not take appropriate actions to correct clearly documented problems.

The objectives for carrying out any employment and training must also include labor and local governments. Employment and training programs must be void of political patronage, and unions will need to be viewed as a partner. The federal government will need to make a national employment and training policy a priority, and should not continue to allow the goal of a balance budget to place thousands of Americans in the unemployment line. Labor feels that they have seen the largest tax give away program in the history of the United States and multi-attacks of workers' health and safety and work standards. Labor feels the winners of the tax give away have been the wealthy and large corporations.

Local governments, school districts, hospitals, and social service agencies are laying off employees by the thousands. The question that needs to be addressed by Congress is:

> Can the government realistically cut taxes, decrease the budget, add billichs to the defense budget, cause the loss of jobs held by thousands of Americans, irritate labor and civil rights organizations, cut funds to hospitals, and expect that the private sector will expand with such force that the country can come together to address manpower needs?

Assuming that we can have a national employment and training policy in light of the division among labor, industry, and government, the best method for putting people back to work in meaningful jobs is to address the issue of "supply and demand". There are many jobs available; however, there is an inadequate supply of qualified citizens for the large number of technical jobs. For example, few companies can find an adequate supply of programmers -- a job that does not need a person with a college degree. Government expounds the jargon of "workfare" but does little to help create the meaningful jobs for the very people criticized for not working. Industry looks to the government to train people, and government looks to industry.

Another method for carrying out the objectives of a full employment policy (or any employment policy) is providing programs to re-train teachers and others for non-traditional and technical jobs.

If the private sector is expected to share the burden of training and re-training, the federal government should consider including such provisions in procurement contracts and provide funds directly to companies for training.

MERC has been extremely successful with involving industry in training using C.E.T.A. funds as part of a business approach. MERC employs, when possible, employees of companies to train MERC clients for jobs that the company has agreed to employ. MERC does not permit any client to enter a C.E.T.A. training program unless the client has a company sponsor who has interviewed the client and agreed to employ the client subsequent to successfully completing the training program.

Many companies will participate in training when they can be reimbursed for space, equipment and staff and believe they will receive a return on their investment. MERC provides companies with a return on their investment with a group of trained employees who have an 85% retention rate after 18 months.

Should Particular Groups in the Labor Force Be the Concern of Employment Policy?

Howard N. Fullerton, Jr., a demographic statistician in the Office of Economic Growth and Employment Projections, Bureau of Labor Statistics, in an article entitled, "The 1995 Labor Force: A First Look", indicates that "by the mid-1980's, persons in the labor force will exceed those not in the labor force". However, despite the continuous growth of the workforce, inner-city and rural youth, continue to experience serious unemployment. These youth, ages 16 to 25, are largely minority. Many of the unemployed have limited education and low skill levels, and are no longer desired by the Army, industry or anyone else. Yet, they contribute to the rising crime rate. We can no longer ignore this group. This is the group that could best be helped with a modified CCC experience.

The jobless rate of blacks and other minorities is at 13.2% nationally and continues to be more than twice that of white workers (6.3%). In 1979, the percents were 11.3% (minority) and 5.1% (white).

Nearly one-half of unemployed minorities and whites in the United States are concentrated in Illinois, New York, Michigan and California where 30% of the minority workforce and 26% of the white workforce live. While minorities represent one in every seven persons in the workforce in these four states, one in every five minorities are unemployed. Just two months ago, the United States Department of Labor added the states of Ohio, Alabama, North Carolina and Pennsylvania to the growing list of labor surplus areas.

Targeting of black and minority groups in the labor force must not only be continued but programs to prepare them for private sector jobs expanded. It is ludicrous to talk about welfare and workfare without addressing the supply of meaningful and lasting job opportunities. Under imposed workfare seldom is there a true indoctrination to the work ethic. And what good is it to talk about work if there is no work!

What Should be the Relationship of Employment and Training Policies to Income Maintenance Policies?

There should be a strong relationship between employment and training policies and programs, to income-maintenance programs for able bodied recipients. For example, when a person applies for unemployment compensation at the local job service office, he or she must show evidence of seeking employment. Why not apply this practice to income maintenance clients. Of course, for some targeted groups, the government will need to provide start-up funds for day care centers. Any national employment and training policy and program must address the need for job related day care centers.

The problem addressing this question rests with the government's cutback in funds for training and employment programs and the inadequate supply of meaningful jobs for which income-maintenance clients are qualified to perform. The federal government should not reduce funds for training citizens dependent on income-maintenance programs, but should redirect the funds from traditional approaches. The establishment of training centers in critical job areas (i.e. programmers, secretaries, statistical clerks, tool and die makers, machine operators) and the direct referral of able bodied income-maintenance clients to employment training programs by the responsible agencies -- with visitations, counseling, and other follow up activities by caseworkers -- is a method for moving people gradually from the tax rolls to subsidized training and into unsubsidized jobs. Local and state income maintenance agencies need to be re-oriented to the objectives of income-maintenance programs. Again, support services (i.e. day care and career guidance) are musts for an aggressive employment and training program.

What are the Appropriate Relationships between (among) Federal, State, and Local Governments in the Funding, Design, and Administration of Employment and Training Programs?

Ideally, the federal government's role should be supportive to leadership initiated by local government. However, the problem of unemployment has grown to such proportion that state and local governments lack the resources to solve the problem and some local governments do not want to correct the problem -- especially economic and employment problems confronted by target groups (i.e. minorities and the handicapped).

Because more and more jobs are moving across state lines and into suburban areas, the federal government must take the leadership. It must use the power of its resources to facilitate the kind of change beneficial to the disadvantaged as well as the middle and upper classes.

However, in designing employment and training policies, the federal government should work in concert with state and local governments and industry in designing employment programs. The current direction of the federal government to give block grants to states with limited "strings" is like giving industry the power to control union recruitment programs. Such a move could be considered "engineered failure" unless the use of block grant funds are monitored to help insure that employment and training policies and programs are developed and implemented.

It is recommended to this sub-committee that states designated by the Labor Department as "labor surplus areas", that prior to providing block grant funds, a policy on employment and training be developed and approved by states to help ensure that unemployment and training are actually addressed.

The federal government should relate income-maintenance and block grant funds to economic factors such as the number of income-maintenance clients moved to part and full time employment, and the expansion of job opportunities within the state. Also, the federal government should limit administrative cost to ensure that the bulk of the funds provided to states are used to train and employ its citizens.

The current anti-affirmative action fever is directly contrary to developing a stable and qualified workforce. Employment discrimination is alive and well and therefore, the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance Programs and other monitoring agencies must receive increased resources to employ qualified persons to help ensure that all Americans have an opportunity to work and advance in jobs for which they are qualified regardless of race, color, sex, national origin, religion and age. While progress has occurred, the executive suites (excluding clerical jobs) are nearly as non-minority male documented today as they were twenty years ago. If American industry had truly carried out the EEO provisions contained in most federal procurement contracts, the current employment problem could have been minimized.

The appropriate role of the private sector in the implementation of employment and training policies has been addressed. We believe that the federal, state, local governments, unions, and citizens have a responsbility to work with industry to create the climate in which industry can prosper, thereby creating more unsubsidized employment opportunities.

Again, we believe that industry will participate more fully in employment training programs if adequate financial support is made available. This support should be as free as possible of "red tape" and relate directly to the business need of industry. The approach being used by MERC is a prototype transferrable to any part of the country.

In closing, most employment and training programs are working. The problem is that training has not always been related to critical job areas. C.E.T.A. programs are working but C.E.T.A. prime contractors must be given adequate funds to, for example, purchase or lease the hardware to train programmers. Income-maintenance agencies must be more aggressive in referring clients.

MERC is proud to be a C.E.T.A. Operator. Because of C.E.T.A., we have placed hundreds of citizens in permanent and unsubsidized jobs in the private sector.

Thank you.

Senator **Quayle**. Well, thank you very much, Mr. Brooks.

And let me ask a couple of questions. I certainly appreciate your support in what we were able to do to get that youth training extended. As you know, there was some discussion just to eliminate it, and we were able to get it through, with the support of your organization and others. We got it through the Senate with no problem, and the House was an overwhelming vote. I think it was the 15th piece of legislation that the President signed.

You mentioned that we ought to get the private sector more involved. How are we going to do that? You're a community leader. You've been involved in trying to talk to the businessmen of the world; how are we going to get them more involved? Is there a reluctance there now? Do you see an attitudinal change in the business community? You made the statement, that we ought to get them more involved—so, how are we going to do it?

Mr. **Brooks**. I think MERC's success has been related to incorporating CETA into an overall business approach. We simply hire a company's employees as instructors. We use CETA funds to rent the company's space and equipment, and that way, it becomes a business venture for companies. I'm talking about the small companies. Larger companies are really not receptive to CETA. By taking a business approach, we're optimistic that more companies will become involved.

Companies are concerned for business reasons. One, they're afraid of investing dollars in training because of the risk of losing the trained employee to another company. To be a programer, for example, you don't have to have a college degree. We are working with a company to establish an eight-classroom computer science program. The company will need to hire these folks after 26 weeks of training. It is not easy, but I think we can go to them and show them bottom line results. We need to assure them that the company will not lose money, that their staff will be involved in the training, and we are willing to rent space from them.

You have credibility of training, which leads to a credibile job.

In conclusion, I have a recommendation.

In many of our urban communities across this country, there was a program called the Homestead Act, where an individual could buy land for $1 a lot. The act was designed to revitalize depressed communities.

Since one of the needs in depressed areas is to increase jobs, why not consider that same concept for industry? Industry moves to the Sun Belt and to the suburbs for more land and less taxes. At least, that's the reason they give. Why not consider applying the Homestead Act concept to industry. For example, HUD, being a major slum landlord, has vacant land, that could be sold inexpensively to industry. Let's say to ABC corporation, we want you to locate here. Two, we will provide you with a major Government procurement contract for the next 25 or 50 years, but that procurement contract will only be let for that labor surplus area.

You're talking dollars. We can do something to interrupt the movement of industry to the Sun Belt, and to the suburbs. Many labor surplus areas are depressed because they've lost their economic base. These labor surplus areas are where 50 percent of the Nations unemployed black youth, 16 to 22 years of age, are located.

This is where we need to develop the economic base, and not the Sun Belt, and not the suburbs.

So, whatever its worth, that's what I would do if I had the power to do it.

Senator QUAYLE. Well, I certainly concur that in our urban areas that the lack of the economic and industrial base, and jobs, is what it's all about. The high unemployment statistics are simply unacceptable, and you can't passively and idly watch the depression settle in some of our urban areas, and I think the concept that you talk about of creating, say, enterprise zones, or doing something special for the urban areas, certainly, is a priority that will have to be on the agenda for this fall and next year in the Congress.

Let me ask one final question, and then I've got to depart, and so do you.

What about the system that we've had? Were you here this morning when we had the prime sponsor? What about that system from your point of view? Is it really that good of a system as they all indicated this morning?

Mr. BROOKS. I think it's a good system, but I think we're looking at the wrong victim. I think we tend to criticize programs like CETA, but the problem is that American industry is not able to adequately compete in the world market. It started back in the 1950's and 1960's, Japan could not produce bombs and major military equipment, but could produce the Sony, the Toyota, and the Datsun, and other less costly products.

We were busy with space exploration and producing gas-guzzling automobiles at high costs. Many Americans believe these goods remain of low quality, therefore, many Americans are buying foreign goods and not enough of American goods.

I think that is why we need to view the need for CETA as a symbol of a large problem. The problem, in part, rests with the private sector. Whether it's Government regulations or other reasons. We keep saying the jobs are in the private sector, therefore, we've got to make the private sector healthy.

I'm a "doubting Thomas," because, as a hard-paying taxpaying American, I can remember Zenith moving their jobs to Mexico allegedly for inexpensive labor. I remember the Chrysler bailout. I remember the gas lines when there really wasn't a gas shortage. Many of us have got a bad taste in our mouth for big industry, but, nevertheless, I think we have no alterative but to continue to work with them.

I'm certainly not an expert, but I'm simply saying something is wrong with American industry. Any time Japan can buy lumber in Oregon, take it to Japan, make a product, send it back overseas and sell it to Americans cheaper than American industry can, something is wrong. And I think that we need to be very careful, because, as we talk about the increased military budget, we're repeating history again. We diverted so much of our energy and resources to the Vietnam war, to space exploration, et cetera, and therefore, we helped to create the current economic problems. I believe in a strong military, Senator, rest assured of that, and rest assured, I am a capitalist, but, having said that, I think that the new missile system they're taking about would create 53,000 jobs, however, if the $1 billion was used for mass transportation, it would create 79,000; if the billion dollars was used to create industrial day care programs it would provide 120,000 jobs that would help put folks on tax rolls as contributors.

In summary, Senator, all I'm saying is that we have to separate symbols from the problems. Taxpayers tend to look at victims, that is, assume that CETA participants the lazy folks that don't want to work. Assume they are on CETA payrolls. You and I know that that's not the real problem. We have cheats everywhere. The real problem is the private sectors inability to make adequate profits and their investment of those profits in high-interest money markets, rather than plant expansion to create new jobs.

For example, the post office will lose 200,000 employees once they become fully automated. So, we've got a major problem that needs to be addressed by the best minds in this country, and I think we ought to have a Camp David meeting on the problem of automation, and I don't want to be there.

Senator QUAYLE. You want to be there?

Mr. BROOKS. I said I don't have to be there. I'd like for you to do it. Just take my views.

Senator QUAYLE. Oh. [Laughter.]

I'll take your place. I'll make sure I confer with you before I go.

Well, thank you very much for a very stimulating and challenging testimony. I think we have covered a lot of very important issues, and we've got a lot of tough decisions to make, but you and I are dedicated to improving the system that we have, to improving the delivery of services to the people that need it. I think that's what it's all about.

And I thank you for coming to Indianapolis today, and glad that we were able to accommodate you, and hope that you can make your next appointment, wherever that may be.

Mr. BROOKS. Thank you very much.

Senator QUAYLE. Thank you.

The hearings will stand in recess until 1:30.

[Whereupon, the subcommittee was recessed.]

AFTERNOON SESSION

Senator QUAYLE. The hour is 1:30, and we are ready for the third panel, and I thank the panel members for their indulgence. I wanted to get to them this morning, but we didn't have time.

From the Indiana State AFL-CIO, Mr. Max Wright; National Association for Human Development, W. David Moffatt; Senior Enterprises, Inc., Marcia Levin; Young Women's Christian Association of St. Joe County, Theresa Tyler; and the National Collaboration for Youth, Lynn McKinney.

Thank you very much. Mr. Wright, would you go ahead and proceed under our 5-minute rule, and we will still have some time for questions. Hold the microphone right up close so everybody in the rear can hear. Thank you.

STATEMENT OF MAX F. WRIGHT, SECRETARY-TREASURER, INDIANA STATE AFL-CIO, GREENWOOD, IND.

Mr. WRIGHT. Thank you, Senator Quayle.

And it's good to be here this afternoon. I am Max Wright, secretary-treasurer of the Indiana State AFL-CIO. This labor organization represents over 400,000 union members, and over 1,000 local unions in the State of Indiana.

I appreciate very much the opportunity to discuss labor's perspective regarding issues surrounding the reauthorization of CETA.

As to the question, what are the appropriate objectives of employment and training policy, the national perspective should include objectives which will coordinate opportunities for individuals in both public and private sectors, the existing systems of vocational education, welfare, adult education, postsecondary education, business and labor should be coordinated.

If these policies are to reflect a coordination of services and opportunities available in the public and private sector, the following employment and training objectives should be met:

No. 1, preparation of untrained, low-skilled individuals for productive employment.

No. 2, providing job location and placement services.

No. 3, providing upgrading and retraining opportunities for those workers displaced as a result of technological changes, and business and industry shutdown.

No. 4, provide incentives to involve the private sector to produce additional, permanent jobs.

What are the best methods for doing this?

We believe that increasing the coordination of the opportunities for training for future productive employment is the key factor. Indiana has existing delivery systems which provide specific services related to employment and training. The effectiveness of linking the services of these agencies in a more consistent and cost effective manner must be improved. These agencies, by emphasizing cooperation, innovative programs, and involving the private sector, can address the employment issues. This coordination should not preclude those training opportunities available in the private sector now and in the future; for example, corporate training, OJT and the apprenticeship system.

We must also provide opportunities for education and training programs to develop skill base for productive employment of individuals.

In providing these services, several factors should be carefully considered. Training needs should be projected through carefully conducted research in order to fill present and future job slots as opposed to training individuals with outdated, obsolete skills, for which there is no market. Emphasis should not be concentrated so heavily on training new workers; the private sector efforts should also be geared to retraining and upgrading of workers' skills. Finally, in conjunction with meeting the individual's needs, the needs of business and labor should be considered. To promote a good working relationship, the private sector must realize value from their participation to simple and profitable incentives.

Several factors which would induce private sector participation are: Continuance of tax incentives for new job creation, OJT reimbursement, TJTC; involve small businesses and labor to a greater extent; work closely with labor union apprenticeship coordinators and other linkages within the vocational education system to develop additional training opportunities.

The question: Should particular groups in the labor force be the concern of employment policy?

Target groups should be identified at the local level based on nationally devised guidelines. These opportunities should be made available to any U.S. citizen who is either unemployed or underemployed. The States should determine priorities, and communities be given flexibility to respond to changing economic conditions at the local level.

Funds for upgrading-retraining should be earmarked to assist workers displaced as a result of plant closings, relocation, and technological changes. The private sector, possibly through the title VII, or State economic development funds and priorities, will be particularly adept at providing the training opportunities for this group. In doing this, many individuals can be trained more quickly since these individuals have an employment history and job skills which indicate they will be readily employable after training.

No. 5, what are the appropriate relationships between Federal, State, and local governments in the funding, design, and administration of employment, and training programs?

Overall, broad employment and training policy guidelines should be set at the national level based on information provided by the States before deciding on funding allotments. The Federal Government should not delegate all its administrative functions to the States. Supervising the local programs should be a function of the States because of their greater awareness of local conditions.

In the development of block grant guidelines and legislation, we must be careful not to put the burden of responsibilities on State and local governments without giving them real authority. Block grants should rely on contracts between the Federal Government and the States, allowing for certain program protections while removing the Federal bureaucracy from interface with State operations without resorting to total abandonment of Federal responsibility

In addition, the role of the States in administering employment training programs should be solidified through long-range planning, with established goals and objectives in mind; for example, Indiana's move to merge the goals of employment and training with economic development.

No. 6, what is the appropriate role of the private sector in the design and implementation of employment and training policy?

The private sector is the key to the success or failure of future employment and training programs, as well as the total Reagan supply-side economic package and economic development. The public sector employment and and training programs will succeed only through intense cultivation of business, industry, and labor.

I would just like to complete my remarks by saying, have employment and training programs worked? It is our opinion that these programs have been more successful than given credit for. Evaluation of past programs has dealt upon the number of persons served, positive terminations, and adherence to the regulations.

Evaluation of these factors does not come close to evaluating the people impact of a particular program.

Through observation, research, and personal experience, I've observed that those programs which are most effective involve the cooperation of several groups; university, auto plants, prime sponsors, local unions, in planning and operation of training programs.

Thank you.

Senator QUAYLE. Thank you very much, Mr. Wright.

[The prepared statement of Mr. Wright follows:]

TESTIMONY OF MAX F. WRIGHT
SECRETARY/TREASURER, INDIANA STATE AFL-CIO
BEFORE THE
COMMITTEE ON LABOR & HUMAN RESOURCES
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
ON
EMPLOYMENT AND TRAINING ISSUES
AUGUST 26, 1981-INDIANAPOLIS, INDIANA

I AM MAX WRIGHT, SECRETARY/TREASURER OF THE INDIANA STATE AFL-CIO. THIS LABOR ORGANIZATION REPRESENTS OVER 400,000 UNION MEMBERS IN OVER 1,000 LOCAL UNIONS IN THE STATE OF INDIANA. I APPRECIATE THIS OPPORTUNITY TO DISCUSS LABOR'S PRESPECTIVE REGARDING ISSUES SURROUNDING THE REAUTHORIZATION OF CETA.

REAGAN'S "PROGRAM FOR ECONOMIC RECOVERY" IS PREDICATED ON SEVERAL GOALS. TWO OF THESE GOALS PERTAIN TO OUR DISCUSSION, HERE, REGARDING THE FUTURE OF EMPLOYMENT AND TRAINING PROGRAMS.

THROUGH A VARIETY OF ECONOMIC MEASURES, THE CURRENT ADMINISTRATION INTENDS TO REDUCE THE UNEMPLOYMENT RATE FROM 7.5% TO 5.5% OR 5.6% BY CALENDAR YEAR '86. THIS WOULD REFLECT A DROP TO THE 1971 UNEMPLOYMENT RATE LEVEL. IN ADDITION, THROUGH THIS ECONOMIC RECOVERY PROGRAM, THE ADMINISTRATION HAS SET THE AMBITIOUS GOAL OF INCREASING THE ECONOMY'S TOTAL OUTPUT BY 23% BETWEEN '80 AND '86.

TO ACCOMPLISH THIS, CONSISTENT EFFORTS MUST BE MADE THROUGH THE COORDINATION OF EMPLOYMENT AND TRAINING PROGRAMS TO TRAIN WORKERS AND CREATE MORE JOBS MADE AVAILABLE THROUGH INVOLVING THE PRIVATE SECTOR TO REVITALIZE OUR LABOR FORCE AND INDUSTRIES. THIS IS NECESSARY IN ADDITION TO CHANGES IN FISCAL POLICIES. WITHOUT THE CONTRIBUTION OF AN EMPLOYMENT AND TRAINING SYSTEM AND RELATED PROGRAMS, THERE WILL BE NO DECREASE IN UNEMPLOYMENT OR INCREASE IN THE GNP. WITHOUT JOBS, WORKERS CANNOT PRODUCE THE GOODS AND SERVICES NECESSARY FOR SUCH A TREMENDOUS SURGE OF GROWTH NOR WILL THE UNEMPLOYMENT RATE DECREASE.

FOR THIS REASON, CAREFUL CONSIDERATION MUST BE GIVEN TO THE ISSUES WE ARE DISCUSSING TODAY.

1. WHAT ARE THE APPROPRIATE OBJECTIVES OF EMPLOYMENT AND TRAINING POLICY?

THE NATIONAL PERSPECTIVE SHOULD INCLUDE OBJECTIVES WHICH WILL COORDINATE OPPORTUNITIES FOR INDIVIDUALS IN BOTH THE PUBLIC AND PRIVATE SECTORS. THE EXISTING SYSTEMS OF VOCATIONAL EDUCATION, WELFARE, ADULT EDUCATION, POST SECONDARY EDUCATION, BUSINESS AND LABOR SHOULD BE COORDINATED.

THE GOALS OF ECONOMIC DEVELOPMENT AND REVITALIZATION OF THE AMERICAN ECONOMY CAN BE ACHIEVED, PARTIALLY, BY PROMOTING SEVERAL PRIORITIES.

DEALING WITH UNEMPLOYMENT IS CRUCIAL; UNEMPLOYMENT IS INFLATIONARY. ON BOTH THE NATIONAL AND LOCAL LEVEL, AMERICA NEEDS A POLICY TO REDUCE UNEMPLOYMENT AND CREATE JOBS THROUGH A COMBINATION OF AGGREGATES, MONETARY-FISCAL POLICIES AND SELECTIVE PROGRAMS.

IF THESE POLICIES ARE TO REFLECT A COORDINATION OF SERVICES AND OPPORTUNITIES AVAILABLE IN THE PUBLIC AND PRIVATE SECTOR, THE FOLLOWING EMPLOYMENT AND TRAINING OBJECTIVES SHOULD BE MET: PREPARATION OF UNTRAINED, LOW-SKILLED INDIVIDUALS FOR PRODUCTIVE EMPLOYMENT; PROVIDING JOB LOCATION AND PLACEMENT SERVICES; PROVIDING UPGRADING AND RETRAINING OPPORTUNITIES FOR THOSE WORKERS DISPLACED AS A RESULT OF TECHNOLOGICAL CHANGES, AND BUSINESS AND INDUSTRY SHUT DOWN; AND PROVIDING INCENTIVES TO INVOLVE THE PRIVATE SECTOR TO PRODUCE ADDITIONAL, PERMANENT JOBS.

2. WHAT ARE THE BEST METHODS FOR CARRYING OUT THE OBJECTIVES OF EMPLOYMENT AND TRAINING POLICY?

INCREASING THE COORDINATION OF THE OPPORTUNITIES FOR TRAINING FOR FUTURE PRODUCTIVE EMPLOYMENT IS THE KEY FACTOR. INDIANA HAS EXISTING DELIVERY SYSTEMS WHICH PROVIDE SPECIFIC SERVICES RELATED TO EMPLOYMENT AND TRAINING. THE EFFECTIVENESS OF LINKING THE SERVICES OF THESE AGENCIES IN A MORE CONSISTENT AND COST EFFECTIVE MANNER MUST BE IMPROVED. THESE AGENCIES, BY EMPHASIZING COOPERATION, INNOVATIVE PROGRAMS AND INVOLVING THE PRIVATE SECTOR, CAN ADDRESS THE EMPLOYMENT ISSUES. THIS COORDINATION SHOULD NOT PRECLUDE THOSE TRAINING OPPORTUNITIES AVAILABLE IN THE PRIVATE SECTOR NOW AND FUTURE, I.E. CORPORATE TRAINING, OJT AND THE APPRENTICESHIP SYSTEM.

ANOTHER SUITABLE METHOD FOR CARRYING OUT EMPLOYMENT AND TRAINING POLICY IS TO PROVIDE OPPORTUNITY FOR EDUCATION AND TRAINING PROGRAMS TO DEVELOP THE SKILL BASE FOR PRODUCTIVE EMPLOYMENT OF INDIVIDUALS. IN PROVIDING THESE SERVICES SEVERAL FACTORS SHOULD BE CAREFULLY CONSIDERED. TRAINING NEEDS SHOULD BE PROJECTED THROUGH CAREFULLY CONDUCTED RESEARCH IN ORDER TO FILL PRESENT AND FUTURE JOB SLOTS AS OPPOSED TO TRAINING INDIVIDUALS WITH OUTDATED, OBSOLETE SKILLS FOR WHICH THERE IS NO MARKET. EMPHASIS SHOULD NOT BE CONCENTRATED SO HEAVILY ON TRAINING NEW WORKERS; THE PRIVATE SECTOR EFFORTS SHOULD ALSO BE GEARED TO RETRAINING AND UPGRADING OF WORKERS' SKILLS. FINALLY, IN CONJUNCTION WITH MEETING THE INDIVIDUAL'S NEEDS, THE NEEDS OF BUSINESS AND LABOR SHOULD BE CONSIDERED. TO PROMOTE A GOOD WORKING RELATIONSHIP, THE PRIVATE SECTOR MUST REALIZE VALUE FROM THEIR PARTICIPATION.

THIS LEADS TO THE THIRD METHOD OF APPROACH. SIMPLE AND PROFITABLE INCENTIVES MUST BE PROVIDED TO PRIVATE SECTOR EMPLOYERS TO PARTICIPATE IN EMPLOYMENT AND TRAINING PROGRAMS. SEVERAL FACTORS WHICH WOULD INDUCE PRIVATE SECTOR PARTICIPATION ARE:

A. CONTINUANCE OF TAX INCENTIVES FOR NEW JOB CREATION, I.E. OJT REIMBURSEMENT, TJTC ETC.;
B. INVOLVE SMALL BUSINESSES AND LABOR TO A GREATER EXTENT;
C. WORK CLOSELY WITH LABOR UNION APPRENTICESHIP COORDINATORS AND OTHER LINKAGES WITHIN THE VOCATIONAL EDUCATION SYSTEM TO DEVELOP ADDITIONAL TRAINING OPPORTUNITIES.

3. SHOULD PARTICULAR GROUPS IN THE LABOR FORCE BE THE CONCERN OF EMPLOYMENT POLICY?

THE MAIN FACTOR USED TO DETERMINE ELIGIBILITY FOR SERVICES SHOULD BE EMPLOYMENT STATUS, ALTHOUGH LIMITS AND CONDITIONS FOR SPECIFIC SERVICES MUST BE SET UP. TARGET GROUPS SHOULD BE IDENTIFIED AT THE LOCAL LEVEL BASED ON NATIONALLY DEVISED GUIDELINES. THESE OPPORTUNITIES SHOULD BE MADE AVAILABLE TO ANY U.S. CITIZEN THAT IS EITHER UNEMPLOYED OR UNDEREMPLOYED. THE STATES SHOULD DETERMINE PRIORITIES AND COMMUNITIES BE GIVEN FLEXIBILITY TO RESPOND TO CHANGING ECONOMIC CONDITIONS AT THE LOCAL LEVEL.

IN SEVERAL EASTERN AND MID-WESTERN STATES, IN ADDITION TO CONTINUING TARGETED GROUPS IDENTIFIED PREVIOUSLY, ANOTHER TARGET GROUP SHOULD BE

IDENTIFIED. FUNDS FOR UPGRADING/RETRAINING SHOULD BE EARMARKED TO ASSIST WORKERS DISPLACED AS A RESULT OF PLANT CLOSINGS/RELOCATION AND TECHONOLOGICAL ADVANCES. THE PRIVATE SECTOR, POSSIBLY THROUGH TITLE VII OR STATE ECONOMIC DEVELOPMENT FUNDS AND PRIORITIES, WILL BE PARTICULARLY ADEPT AT PROVIDING THE TRAINING OPPORTUNITIES FOR THIS GROUP. IN DOING THIS, MANY INDIVIDUALS CAN BE TRAINED MORE QUICKLY SINCE THESE INDIVIDUALS HAVE AN EMPLOYMENT HISTORY AND JOB SKILLS WHICH INDICATE THEY WILL BE READILY EMPLOYABLE AFTER TRAINING.

4. WHAT ARE THE APPROPRIATE RELATIONSHIPS BETWEEN FEDERAL, STATE AND LOCAL GOVERNMENTS IN THE FUNDING, DESIGN AND ADMINISTRATION OF EMPLOYMENT AND TRAINING PROGRAMS?

OVERALL, BROAD EMPLOYMENT AND TRAINING POLICY GUIDELINES SHOULD BE SET AT THE NATIONAL LEVEL BASED ON INFORMATION PROVIDED BY THE STATES BEFORE DECIDING ON FUNDING ALLOTMENTS; THE FEDERAL GOVERNMENT SHOULD NOT DELEGATE ALL ITS ADMINISTRATIVE FUNCTIONS TO THE STATES. SUPERVISING THE LOCAL PROGRAMS SHOULD BE A FUNCTION OF THE STATES BECAUSE OF THEIR GREATER AWARENESS OF LOCAL CONDITIONS. BASED ON NATIONAL POLICY, STATES SHOULD DELEGATE PROGRAM DEVELOPMENT AND OPERATION TO LOCAL AGENCIES. MOST EMPLOYMENT AND TRAINING ISSUES CAN BE MELTED DOWN TO THE LOCAL LEVEL AND INITATIVE MUST COME FROM THERE. FROM FEDERAL TO STATE DOWN TO LOCAL AGENCIES, COOPERATION MUST EXIST. EDUCATION AND EMPLOYMENT AND TRAINING PROGRAMS MUST BE COORDINATED MORE CLOSELY SINCE, THROUGH THE PROPOSED BLOCK GRANT DISBURSEMENT OF FEDERAL MONEY, THE STATES WILL HAVE THE ULTIMATE DISCRETION FOR DISBURSEMENT OF FUNDS.

IN THE DEVELOPMENT OF BLOCK GRANT GUIDELINES AND LEGISLATION, WE MUST BE CAREFUL NOT TO PUT THE BURDEN OF RESPONSIBILITIES ON STATE AND LOCAL GOVERNMENTS WITHOUT GIVING THEM REAL AUTHORITY. BLOCK GRANTS SHOULD RELY ON CONTRACTS BETWEEN THE FEDERAL GOVERNMENT AND THE STATES ALLOWING FOR CERTAIN PROGRAM PROTECTIONS WHILE REMOVING THE FEDERAL BUREAUCRACY FROM INTERFACE WITH STATE OPERATIONS WITHOUT RESORTING TO TOTAL ABANDONMENT OF FEDERAL RESPONSIBILITY.

IN ADDITION, THE ROLE OF THE STATES IN ADMINISTERING EMPLOYMENT AND TRAINING PROGRAMS SHOULD BE SOLIDIFIED THROUGH LONG-RANGE PLANNING WITH ESTABLISHED GOALS AND OBJECTIVES IN MIND, I.E., INDIANA'S MOVE TO

MERGE THE GOALS OF EMPLOYMENT AND TRAINING WITH ECONOMIC DEVELOPMENT.

5. WHAT IS THE APPROPRIATE ROLE OF THE PRIVATE SECTOR IN THE DESIGN AND IMPLEMENTATION OF EMPLOYMENT AND TRAINING POLICY?

THE PRIVATE SECTOR IS THE KEY TO THE SUCCESS OR FAILURE OF FUTURE EMPLOYMENT AND TRAINING PROGRAMS AS WELL AS THE TOTAL REAGAN SUPPLY-SIDE ECONOMIC PACKAGE AND ECONOMIC DEVELOPMENT. THE PUBLIC SECTOR EMPLOYMENT AND TRAINING PROGRAMS WILL SUCCEED ONLY THROUGH INTENSE CULTIVATION OF BUSINESS, INDUSTRY AND LABOR. THE PRIVATE SECTOR CAN PROVIDE A SUPPLY OF ADEQUATELY TRAINED WORKERS UTILIZING VOCATIONAL EDUCATION AND UNION APPRENTICESHIP PROGRAMS TO DESIGN APPROPRIATE PROGRAMS AND SERVICES. AT THE SAME TIME, THE U.S.'S GOAL OF INCREASED PRODUCTIVITY, INCREASING THE GNP, IS ACCOMPLISHED.

PRIVATE INDUSTRY COUNCILS CAN ACT AS THE FACILITATOR FOR LOCAL PRIVATE SECTOR PROGRAMS. PICS CAN FUND EMPLOYMENT AND TRAINING PROGRAMS, ASSIST LOCAL BUSINESSES, FACILITATE ENTREPRENEURSHIP AND SERVE IS A LINKAGE BETWEEN EMPLOYMENT AND TRAINING PROGRAM AGENCIES AND THE PRIVATE SECTOR. LABOR COUNCILS AND UNIONS, STATE AND LOCAL CHAMBERS OF COMMERCE CAN ALSO PROVIDE LINKAGES.

THE RECONCILIATION BUDGET REFLECTS FAITH IN THE PRIVATE SECTOR AS FUNDAMENTAL TO ECONOMIC MOTIVATION AND GROWTH. ECONOMIC THEORISTS CREDIT THE PRIVATE SECTOR WITH BEING MORE CAPABLE OF ENLIGHTENED DECISIONS, BETTER MANAGEMENT SKILLS AND OPERATING ON THE BASIS OF BETTER INFORMATION. THUS, THE TITLE VII PRIVATE SECTOR INITIATIVES PROGRAM WHICH HAS GONE THROUGH THE RECONCILIATION PROCESS PRACTICALLY UNSCATHED.

THE PRIVATE SECTOR IS ESTIMATED SPENDING $40 BILLION PER YEAR FOR EMPLOYMENT AND TRAINING PROGRAMS. THROUGH COOPERATION WITH STATE AND LOCAL PLANS, THIS AMOUNT COULD BE REDUCED TO AS LOW AS $20 BILLION THROUGH INCENTIVES AND TAX CREDITS. IN REALITY, THE PRIVATE SECTOR CAN BE ENTICED TO PARTICIPATE AND REALIZE SUBSTANTIAL SAVINGS. AT THE SAME TIME, UNDEREMPLOYED AND UNEMPLOYED DISADVANTAGED INDIVIDUALS WILL BECOME PRODUCTIVE, TRAINED WORKERS CONTRIBUTING TO PROSPERITY OF BOTH PRIVATE SECTOR EMPLOYERS AND THE NATION'S ECONOMY WHILE IMPROVING THEIR OWN STANDARD OF LIVING. PRIME SPONSORS THROUGH THE PIC'S CAN BE THE CATALYSTS TO ACCOMPLISH THIS.

6. HAVE EMPLOYMENT AND TRAINING PROGRAMS WORKED?

IT IS OUR OPINION THAT THESE PROGRAMS HAVE BEEN MORE SUCCESSFUL THAN GIVEN CREDIT FOR. EVALUATION OF PAST PROGRAMS HAS DWELT UPON THE NUMBER OF PERSONS SERVED, POSITIVE TERMINATIONS AND ADHERENCE TO THE REGULATIONS. EVALUATION OF THESE FACTORS DOES NOT COME CLOSE TO EVALUATING THE "PEOPLE IMPACT" OF A PARTICULAR PROGRAM. THROUGH OBSERVATION, RESEARCH AND PERSONAL EXPERIENCE, I'VE OBSERVED THAT THOSE PROGRAMS WHICH ARE MOST EFFECTIVE INVOLVE THE COOPERATION OF SEVERAL GROUPS, I.E. UNIVERSITY, AUTO PLANT, PRIME SPONSORS AND LOCAL UNION, IN PLANNING AND OPERATION OF TRAINING PROGRAMS. COMMON SENSE TELLS US THAT SOME PROGRAMS WORK WHILE OTHERS DON'T. THERE ARE MANY FACTORS WHICH INFLUENCE SUCCESS OR FAILURE, NAMELY: GOOD THOROUGH PLANNING, ADEQUATE FUNDING LEVEL, GOOD ADMINISTRATORS AND UTILIZATION OF ALL AVAILABLE COMMUNITY RESOURCES.

PERHAPS LOOKING AT A COST COMPARISON, PAST AND FUTURE, MIGHT ADD MORE LIGHT. THE REAGAN ADMINISTRATION HAS MADE SUBSTANTIAL CUTS IN CETA PROGRAMS, PUTTING IN PLACE A VERY EXPENSIVE JOBS PROGRAM. IN THE PAST, PSE JOBS, FOR EXAMPLE, COST LESS THAN $10,000; PUBLIC WORKS JOBS COST NO MORE THAN $50,000 ON THE AVERAGE. SUPPLY-SIDE ECONOMISTS ADMIT THEIR NEW JOBS WILL COST $234,334 EACH, OR $703.3 BILLION BY 1986 TO CREATE 3 MILLION JOBS TO STIMULATE THE ECONOMY.

ON-GOING RESEARCH MUST BE CONDUCTED TO ACTUALLY DETERMINE COST EFFECTIVENESS.

THANK YOU.

Senator QUAYLE. Mr. Moffatt.

STATEMENT OF W. DAVID MOFFATT, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION FOR HUMAN DEVELOPMENT, INDIANA REGION, INDIANAPOLIS, IND.

Mr. MOFFATT. Mr. Chairman, my name is W. David Moffatt, and I am the regional director of the National Association for Human Development, and formerly the deputy director of the State commission of aging.

We, at NAHD, are currently providing employment training and job placement assistance for disadvantaged young and older residents of the city of Indianapolis.

My testimony will address two topics relating to employment training policies and services on behalf of the adult population, age 55 and over.

First, I would like to report on a special survey recently conducted by the National Association for Human Development and on behalf of the commission on aging, relating to the needs and desires of Marion County older adults in the areas of employment, training, health, and income.

During June of 1981, 65 older adults administered interview questionnaires to over 4,800 older county residents, aged 55 and over, at senior centers, nutrition sites, public housing, on the street, parks, wherever persons aged 55 and over could be found. Respondents represented over 3.5 percent of Marion County's total population of the targeted group; a total number of 1,976 men and 2,832 women.

Of those interviewed, 24 percent were already employed either part time or full time, and 22 percent of the unemployed respondents reported an interest and a desire to be employed. Fifteen percent of the respondents desiring work wanted to work part time, and 7 percent wanted to work full time.

While the survey indicated that 22 percent of the persons, aged 55 and over, wanted to work, it is in sharp contrast to BLS data for Marion County, and the 7 surrounding counties, which record and 4.1 percent of the over-55 population is registered with the State employment offices to work.

Survey data indicated that 40 percent of the respondents were interested in additional training to learn new skills or to enhance already held skills to help them reenter the work force; 33 percent of the respondents reported having a high school diploma, with 21 percent having advanced training or higher education; 62 percent reported that their health was good to excellent.

In summary, the Marion County survey sample characterizes the older adult population as mostly healthy, reasonably well-educated, many desirous of further training assistance, and many low-income, needing and wanting to work at least part time to meet their income needs.

The second part of the survey was directed to county employers to determine their interests and attitudes toward hiring the older worker. Of the 1,530 employers surveyed by mail, 179, or more than 10 percent, responded. Sixty-five percent indicated that they were willing and interested in hiring older persons.

Throughout the economy, substantial investments are made in counseling, training, and placement services to assist the young with first careers. Significant investments are now needed to provide similar services to older unemployed persons wanting to contribute to the economic and social life of their communities through work opportunities. Assigning a very low priority to the needs of older persons for such services and assistance must end, and creative work which takes into account the skills and accumulated experiences of older people needs to be made available.

NAHD believes that specific targeting of employment training opportunities for older adults, coupled with employer awareness activities tailored on behalf of older adults, can pay long-lasting dividends in providing a balanced and productive work force, while meeting the urgent economic needs of the elderly.

Older persons, as well as younger persons, need more than a chair in a classroom to enter the world of work. Many need various kinds of reorientation and counseling assistance in identifying and closing gaps in their preparation for return to the world of work. Many older adults have financial, transportation, health, and housing problems, and some may require motivational or other kinds of psychological counseling to restore confidence and to adapt to lifestyle changes.

We urge that public policy rules and regulations assure equal opportunities for such services to low-income, disadvantaged unemployed older adults as an integral part of employment training and job placement assistance.

Thank you for this opportunity to present our testimony on behalf of older workers.

Senator Quayle. Thank you very much, Mr. Moffatt.

[The prepared statement of Mr. Moffatt follows:]

STATEMENT OF W. DAVID MOFFATT, REGIONAL DIRECTOR, NATIONAL ASSOCIATION FOR HUMAN DEVELOPMENT

Mr. Chairman and members of the Employment and Productivity Subcommittee of the Senate Labor and Human Resources Committee, my name is W. David Moffatt, and I am the Regional Director of the National Association for Human Development, a non-profit organization, incorporated in the State of Indiana, and located at 850 North Pennsylvania Street in Indianapolis.

The National Association for Human Development has been designed to assist the aged and other segments of our society toward the fulfillment of their social, physical, economic and intellectual needs.

We are currently providing employment training and job placement assistance for disadvantaged young and older residents of the City of Indianapolis.

We are today concerned about 1) the lack of sufficient activities to provide training and job opportunities for older adults who are economically and socially dependent, or potentially dependent; and 2) the barriers which exist within the marketplace and the private enterprise system which prevent organizations, agencies and employers from responding to the special needs of the elderly due to age, language, race, or ethnic biases.

Today, my testimony will address two topics relating to employment training policies and services on behalf of the adult population, age 55 and over, and they include:

1) The employment needs and desires of older workers as documented in the recent employment and job opportunity survey conducted within Marion County; and

2) The services and actions needed to complement and expand employment and training activities for this target population in both the public and private sectors.

We are all familiar with charts and graphs showing age distributions when the United States was founded, at the turn of this century, at present, and what is projected for the future. The older adult age group is and will continue to be a rapidly expanding segment of our population whose income needs must be met as continued inflation leads, or has led, many older adults to dependency where no other alternatives exist. NAHD believes that employment and training and job placement assistance can serve as a practical intervention mechanism in maintaining economic self-sufficiency for older adults living at or near the poverty level by assisting them to provide more of their own support while remaining productively involved in paid work, full or part-time.

We further believe there is an urgent necessity for both public and private agencies and employers to institute policies and services which are designed to encourage and assist these needy older adults toward a productive alternative. Unfortunately, for the most part, national manpower programs appear to focus on disadvantaged youth and young adults while middle aged and older workers are neglected. This lack of adequate focus by policy makers and implementors is a serious impediment to improving the quality of their lives and, in many instances, they are the population needing assistance the most. The non-participation or exclusion of this growing segment of our population from the labor force should be a targeted concern of employment policy makers.

Now I would like to report on a special survey recently conducted by the National Association for Human Development on behalf of the Indiana Commission on the Aging and Aged relating to the needs and desires of Marion County older adults in the areas of employment, training, health, and income.

During June 1981, 65 older adults, who had incomes at 125% of poverty level or less, administered interview questionnaires to over 4,800 older county residents, aged 55 and over, at senior centers, nutrition sites, public housing projects, shopping malls, churches, on the street and in parks and wherever persons aged 55 and over could be found. Respondents represented over 3.5% Marion County's total population of the targeted group. Persons interviewed included residents from center city as well as suburban Marion County for a total number of 1,976 men and 2,832 women. Age distribution was fairly equal between men and women with 61% of the respondents falling below the age of 70. Of those interviewed, 24% were already employed either part-time or full time and 22% of the unemployed respondents reported an interest and desire to be employed. Fifteen percent of the respondents desiring work wanted to work part-time; and 7% wanted to work full-time. A slightly higher percentage of men expressed a desire for employment than did women. Nearly an equal percentage of men and women were looking for part-time work while 8.5% of men and 6% of women were looking for full time work.

While the survey indicated that 22% of the persons, age 55 and over, wanted to work, it is in sharp contrast to BLS data for Marion County and the seven surrounding counties which record that 4.1% of the over-55 population is registered with the State employment offices to work.

Survey data indicated that 40% of the respondents were interested in additional training to learn new skills or to enhance already held skills to help them re-enter the work force. Significantly, 33% of the respondents reported having a high school diploma, with 21% having advanced training or higher education; thus comprising a wealth of knowledge, experience and resources for the community, as yet untapped.

Contrary to popular misconception regarding older adults, 62% reported their health was good to excellent. It was also noted that 42% reported they were married and living with spouse.

In response to household income questions, 60% of the respondents reported they were at 125% of the poverty level or below, as reflected in the total yearly incomes: for one person, $5,388 or less; for a couple, $7,113 or less; and for a family of four, $10,563 or less. Responses regarding income adequacy revealed that 62% could not make ends meet or that they just managed to get by.

In summary, the Marion County survey sample characterizes the older adult population as mostly healthy; reasonably well-educated; many desirous of further training assistance; and many low-income, needing and wanting to work at least part-time to meet their income needs.

The second part of the survey was directed to county employers to determine their interests and attitudes toward hiring the older worker. Of the 1,530 employers surveyed by mail, 176--or more than 10%--responded. Sixty-five percent indicated that they were willing and interested in hiring older persons.
A few additional employers expressed a willingness to hire older adults in kinds of jobs which reflected a continuing misconception regarding age and productivity of the older person. NAMD believes that improved information sharing can effec-

tively eliminate some of the misconceptions and/or stereotyping which still exists among some employers and others in our society. With the projected increase in numbers of older people in the work force, the spotlight turns on the necessity for making changes in older personnel policies based upon age discrimination. Needed now are new policies and regulations designed to stimulate and encourage the employment of older workers. At the same time initiatives need to be encouraged by Federal policy makers to influence public and private agencies to make the best possible use of the talents and skills of older adults as part of a more flexible work force. It is one thing for older unemployed persons to have the desire to work, however, it is something else when appropriate priority followup is not forthcoming from program implementors. Throughout the economy, substantial investments are made in counseling, training and placement services to assist the young with first careers. Significant investments, not necessarily in money, are now needed to provide similar services to older unemployed persons wanting to contribute to the economic and social life of their communities through work opportunities. Responsibility for providing such services is one which must be shared by both the public and private sectors. Largely ignoring, or assigning a very low priority to the needs of older persons for such services and assistance must end, and creative work which takes into account the skills and accumulated experiences of older people needs to be made available.

NAHD believes that specific targeting of employment training opportunities for older adults, coupled with employer awareness activities tailored on behalf of older adults, can pay long-lasting dividends in providing a balanced and productive work force while meeting the urgent economic needs of the elderly.

I would like to cite two examples of areas where older adults can lend important contributions: As you know, the large numbers of unemployed youth constitute one of the Nation's most serious and perplexing problems. If these young people are a part of families where unemployment has been the rule for two or more generations, they not only lack skills, but they also are strangers to work discipline and standards of work quality. Older persons are in a position to render the Nation a unique service in dealing with this problem. NAHD is attempting to do this in Indianapolis. Older persons not only can help transmit skills, but, as important, many have the ability to introduce young people to the world of work in such a manner as to motivate them and to help make what often proves to be very difficult personal adjustments that are essential to holding the jobs they are able to get.

Secondly, a major financial investment is made each year in a national network of public employment offices, which are financed by the Federal government and operated by the states. These offices, on the whole, have not yet in any significant manner, helped in developing job opportunities and counseling to match older adult needs/skills and experiences. Some efforts have been made in Indiana, and in some other states, to place older worker specialists in employment offices through the encouragement and short-term funding of the Commissions on Aging, but little or nothing has been done toward training them for job development and employer linkage. Much more needs to be done in a creative way.

NAHD has found that older people have a capability for learning new things and can play larger roles in job finding, counseling and placement activities. Private sector organizations, such as ours, can make good use of skilled older persons to scout for unfilled jobs, to encourage flexible hours, and to assist people of all ages in need of jobs. We provide individualized counseling to job seekers before and after training and placement. There is no question but that the Nation needs better and more placement and counseling services to develop the employability skills and contacts necessary in locating jobs for older people and in then locating such people to match the jobs.

Currently, however, at both the national and community levels, a clear sense of priority of purpose does not exist among policy makers regarding employability development and job placement needs of unemployed older people. Consequently, existing efforts often are limited in their scope, poorly supported, or inadequately related to training organizations which can assist this target population as well as people of all ages to remain a productive part of our society. Older persons, as well as younger persons, need more than a chair in a classroom to enter the world of work. Many need various kinds of reorientation and counseling assistance in identifying and closing gaps in their preparation for return to the world of work. Many older adults have financial, transportation, health, and housing problems and some may require motivational or other kinds of psychological counseling to restore confidence and to adapt to lifestyle changes.

The National Association for Human Development's recruitment and employability development activities on behalf of unemployed older adults are just as intense and personalized as the recruitment, training and counseling program for young adults. We believe that priority should be given to expanded employment training assistance for older citizens, particularly those who face multiple barriers to entering or returning to the job market.

Therefore, we urge that public policy rules and regulations assure equal opportunities for such services to low-income, disadvantaged unemployed older adults as an integral part of employment training and job placement assistance.

Mr. Chairman, thank you for this opportunity to present our testimony on behalf of older workers before this Subcommittee on Employment and Productivity.

Senator QUAYLE. Marcia Levin.

STATEMENT OF MARCIA LEVIN, EXECUTIVE DIRECTOR, SENIOR ENTERPRISES, INC., INDIANAPOLIS, IND.

Ms. LEVIN. Thank you, Senator Quayle.

I'm pleased to be here to present testimony on the part of senior citizens who want and need employment and training.

The graying of America brings a new dimension to the employment and training picture.

The Administration on Aging projected that in Indiana in 1979, there were 800,000 persons 60 or older, of whom 160,000, or one-fifth, were estimated to be at or below the poverty level. At present, approximately 140,000 seniors reside in Marion and the seven adjoining counties, of whom approximately 28,000 are considered to be low income.

Those whose former jobs were neither skilled, nor managerial, may be faced with two immediate problems at retirement. First, their social security, savings and/or pension will not provide enough income for basic living expenses, and, in fact, force many to resort to public assistance for the first time in their lives. Second, their lack of marketable skills makes it very difficult to find jobs to supplement their funds.

The group at hazard includes those with very little formal education, displaced homemakers who suddenly find themselves alone and poor, and persons whose former jobs are obsolete or who want to move into a new field.

An additional barrier they face is the resistance by far too many employers toward hiring older persons.

These are the reasons why the voluntary senior employment service was born. Senior Enterprises, central Indiana's job referral service for persons 60 and older, is funded almost entirely by United Way dollars. It is one of fewer than 100 such agencies in the United States which does not subsidize the jobs it locates, most of which are in the private sector.

From September 1975 through July 1981, 3,048 individuals 60 and over have registered for employment through this agency. Of this number, almost 1,400 have found at least 1 day's employment, and during the past 5½ years, have contributed to the State's income by more than $2,500,000 in wages.

A majority of the placements have been in menial and/or dead-end jobs, such as raking leaves, cleaning houses, washing windows, maintenance work, et cetera. These are the only openings for most of the people in this group, which is our primary concern; the older person willing and able to work, but unskilled and untrained.

Following a recent Senior Enterprise open house, 30 participants met in a miniconference on employment. Their No. 1 recommendation was the establishment of training programs for their age group similar to those offered to the young, to minorities, to women, and to other disadvantaged persons. They further recommended that these programs not be part of the general training ones, but, rather, be specifically tailored to meet the employment needs of those over 60.

The reasons behind the recommendations are varied. Many older persons felt that when they become a part of other projects, they seem to get short shrift. This may be seen as an insecurity or a lack of confidence on their part, but, it is a fact that in terms of employment, age is still a handicap, adding another facet to the problems of lack of education and/or commercial skill. In addition, many older persons, particularly minority elderly, are afraid to speak out for their rights. They feel beaten by a system which has discriminated against them from their youth.

The CETA programs do not place older persons high on the list for training, particularly in fields such as electronics, plumbing, printing, et cetera, but who is to say that a highly motivated 65-year-old cannot learn and perform as well as someone half his or her age?

Further, since people are living longer and remaining in better health, an individual over 60 can be expected to continue working for many years. Studies show no disparity exists on the basis of age alone.

There are some jobs considered particularly well-suited to seniors. Most can be found in the private as well as the public sector, and include home health care, day care, nurse aide, maintenance, outreach worker, security guard, et cetera. Even these, however, require some degree of training. Still other jobs suitable for older persons are keypunch operator, computer technician, typist, et cetera, but training for such jobs is seldom offered to the older jobseeker.

It is my considered opinion that title VII training programs geared to the private sector employment and overseen by local private industrial councils would be excellent tools for senior citizens in helping them to develop new skills. And where possible, the older persons should be placed in a group with their peers, not in a general group.

Such training would open the door to a variety of employment opportunities so that older citizens might continue working, if desired, might earn the money needed to supplement retirement income, and allow many to break the cycle of public assistance which most find demeaning. Training programs could afford a host of older Americans a chance to maintain personal dignity and to contribute to the society of which we are all a part.

Thank you, Senator.

Senator QUAYLE. Thank you very much.

Theresa Tyler.

STATEMENT OF THERESA C. TYLER, EXECUTIVE DIRECTOR, YOUNG WOMENS CHRISTIAN ASSOCIATION, YWCA, ST. JOSEPH COUNTY, IND.

Ms. **Tyler**. Senator Quayle, I am Theresa Tyler, executive director of the YWCA of St. Joseph County, Ind.

I am pleased to be able to be here today, and share with you some of our experiences in providing employment training to selected target groups, and some of our recommendations for future Federal employment training programs.

Our YWCA has conducted a summer youth program every year since 1976. We have provided employment training and career development services for over 125 eligible young people each summer.

Since October 1980, we have conducted a demonstration project for career development and food service skills training for youth.

We began a job development project in October 1979 for exoffenders. We have provided ongoing career planning, development, and job readiness programs for women since the fall of 1979.

In working with these three seemingly divergent groups, we have become convinced of the need for continuing Federal support for employment training programs for identified target groups.

The problems these groups face in the employment market become most clear as we consider three of the individuals we have served during our recent history of providing employment training opportunities.

First, there is Kate, a young woman of 16, who had never ridden the bus to school alone, and who never responded in class, and so forth, very shy, insecure, and faced with an uncertain future due to her disability.

Kate participated in our career development food service training program, and won the award for the most improvement. Most notable, though, was her marked change at home and school. She rode the bus alone, responded enthusiastically in class, and began to talk to others, even initiating conversations.

Counselors were pleased, and amazed. Her parents were delighted.

Because Kate received special, individual counseling, and career preparation, she gained all the advantages of participating in the employment and training project.

Rosemary came to the YWCA shelter in the middle of one night after huddling in fear with her children in the cemetery following a beating by her husband after hearing the public service announcement about the shelter on the car radio.

While at the shelter, she received counseling, support, and an opportunity to review the alternatives for her life.

Her job at the time was a menial one, with hours from 4 p.m. to midnight. Her husband used this time to force the teenage daughters to submit to him sexually.

The family was in turmoil. Rosemary ultimately shot and killed her husband after a particularly violent episode. She was found not guilty and is now putting her life back together.

Her pre-employment training had to cover so much more than skills to do a job. She needed day care, career exploration opportunities, career counseling, assertiveness, and support counseling.

Next, there is Ray, a 23-year-old man, whose first contact with our project was in the prerelease program at the Westville correctional facility. He came to the office on his first day back in town, and this was a good sign that he really wanted to change.

The data that he presented for his résumé was less than encouraging. He had quit school in the 10th grade, and had not completed his GED. He had been incarcerated since he was 19, and, previous to his sentencing, had held only one legitimate job and that only for 2 months.

There really didn't seem to be any point in trying to put together a résumé until we considered his experiences inside the institution.

As it turned out, he had been very active in Jaycee's. He had held State offices, and had been chairman of the Pendleton inside/outside golf tournament, and had been in charge of the "Toys for Tots" campaign inside the institution. He had also been a disc jockey inside the institution for 3 years.

The man had well-developed organizational and communication skills, and when these experiences were incorporated into his résumé, it was quite impressive. He had a job within 2 days.

This was not possible without individualized career counseling.

Ex-offenders are different. The experience of being incarcerated is one that has no facsimile on the outside, and people, who have experienced it, can put it aside and not dwell on it, but it can never be forgotten. Survival skills that are used on the inside are in direct opposition to those used on the outside.

These people face problems that we cannot imagine in finding employment.

Youth employment is another one of our critical areas. Their unemployment rate is much higher than that of older groups.

Other target groups requiring special attention are women, especially those between the ages of 35 and 60, who are forced to enter the job market for the first time, or reenter after a life at home because of changing life circumstances.

Because of these experiences that we have had, we recommend that one of the principal goals of the employment and training legislation be develop long-term employability skills. And we would think the legislation should require a full range of comprehensive employment services, available at the local level, to provide whatever assistance is needed.

The employment and training legislation must clearly establish some defined benchmarks for measuring not only achievement for the individual, but the effectiveness of specific programs. And, most particularly, the legislation must provide a timeframe which permits long-range, multiyear planning. Changing goals and priorities from year to year makes progress impossible.

There should be a mechanism in the legislation to not only assure local collaboration, but to facilitate that, so that community-based agencies, who have experience dealing with special target groups, can provide the service.

These target groups, I've described, are different, and if we are serious about reducing their dependency on society and enabling them to become self-sufficient, we must be certain that the programs that we establish speak to their special needs.

Thank you.

Senator QUAYLE. Thank you very much.

[The prepared statement and additional material submitted by Ms. Tyler follow:]

STATEMENT OF THERESA TYLER, EXECUTIVE DIRECTOR, YWCA, ST. JOSEPH COUNTY, IND.

Senator Quayle, Members of the Sub Committee -

I am Theresa Tyler, Executive Director of the YWCA of St. Joseph County in Indiana. I am pleased to be able to be here today and share with you some of our experiences in providing employment training to selected target groups, and some of our recommendations for future Federal Employment Training programs.

Our YWCA has conducted a Summer Youth Program every summer since 1976. We have provided employment training and career development services for over 125 eligible young people each summer. Since October,1980, we have conducted a demonstration project for career development and food service skills training for youth. We began a job development project in October of 1979 for ex-offenders. We have provided ongoing career planning, development and job readiness programs for women since the fall of 1979.

In working with these three seemingly divergent groups we have become convinced of the need for continuing Federal support for employment training programs for identified target groups.

The problems these groups face in the employment market become most clear as we consider three of the individuals we have served during our recent history of providing employment training opportunities.

First, there is Kate - a young woman of 16 who had never ridden the bus to school alone and who never responded in class, etc. - very shy, insecure, and faced with an uncertain future due to her disablilty. Kate participated in our career development food service training program and won the award for most improvement. Notable though was her marked change at home and school - she rode the bus alone, responded enthusiastically in class and began to talk to others - even initiating conversations! Counselors were pleased and amazed. Her parents were delighted. Because Kate received special individual counseling and career preparation she gained all the advantages of participating in the employment and training project.

Rosemary came to the YWCA Shelter in the middle of one night after huddling in fear with her children in the cemetary following a beating by her husband. She came to us after she heard the public service announcement about the Shelter on the car radio. While at the Shelter she received counseling, support and an opportunity to review the alternatives for her life. Her job at the time was a menial one with hours from 4pm to midnight. Her husband used this time to force the teenage daughters to submit to him sexually. The family was in turmoil - Rosemary ultimately shot and killed her husband after a particularly violent episode. She was found not guilty and is now putting her life back together. Her pre-employment training had to cover so much more than skills to do a job. She needed day care, career exploration opportunities, career counseling, assertiveness, and support counseling.

Next there is Ray, a 23 year old man whose first contact with our project was in the Pre-release program at Westville. He came to the office on his first day back in town, which was a good indication that he was serious about starting over. The data he presented for his resume was less than encouraging. He had quit school in the 10th grade and had not completed his GED. He had been incarcerated since he was 19 and, previous to his sentencing, he had held only one legitimate job for just two months. There really didn't seem to be any point in trying to develop a resume until he was asked what he had done inside the institution. As it turned out, he had been very active in J.C 's. He had held state offices and had been chairman of the Pendleton Inside/Outside Golf Tournament and had been in charge of the Toys for Tots campaign inside the institution. He had also been a disk jockey inside the institution for 3 years. The man had well developed organizational, and communication skills and, when these experiences were incorporated into his resume, it was quite impressive. He had a job within 2 days.

Ex-offenders are different. The experience of being incarcerated is one that has no facsimile on the outside and people who have experienced it can put it aside and not dwell on it, but it can never be forgotten. Survival skills that are used on the inside are in direct opposition to those used on the outside. Inside one must conform, be dependent on the system, obey without question and put aside emotions that are an intricate part of our humanity - loving, sharing, touching. The primary emphasis inside the institutions is based on negative reinforcement and little or no emphasis is placed on self improvement. Even if an individual learns a skill, attains a degree and has an exemplary discipline record, the bottom line is still based on how much time he/she has done. This atmosphere of negative reinforcement is not conducive to preparing a person to cope with life on the outside.

Youth employment is, by almost any standard one of our most critical city problems with their unemployment rate being 2 to 3 times that for older groups. Hundreds of youth leave school each year with limited knowledge about the world of work and with language and math skill levels below minimum competency levels required for successful employment.

Other target groups requiring special attention are women, expecially those between the ages of 35 and 60 who are forced into the job market for the first time or after an absence of many years through changing life circumstances, and ex-offenders. The unemployment rate for women age 25 -54, which is the age grouping used statistically, is 125% that for men of the same age group. Unemployment statistics are not kept for ex-offenders as a separate group, but experience indicated they are the last hired and the first fired. According to our program data, there are from 700-800 individuals in St. Joseph County alone each year under supervision within the criminal justice system. Clearly their successful rehabilitation is linked to their ability to find and hold a job.

As a direct result of our experience in delivering employment training services to the three groups I have just described, we make the following recommendations:

I. A principal goal of employment and training legislation should be to develop long-term employability skills that will prepare people to enter the world of work and to attain satisfaction and success in their working lives.

In order to have long term impact on employability, programs must first assist participants in developing basic life-coping skills that will enable them to deal with problems and situations that affect their employability. Once these skills have been developed, people will be better prepared for entering the world of work and for achieving success in it.

Employability development and "job readiness" preparation must be integral parts of any and all skill training and job placement programs. Too narrow a focus on basic skills training and placement alone will lead only to short-term success and may likely cause failure in the long run. What is needed is a comprehensive, pluralistic approach that will provide the backup and supportive services required to ensure long-term employability, job retention, and satisfactory job performance.

Therefore, employment and training legislation should require that a full range of comprehensive employment services be available at the local level to provide whatever assistance may be needed to develop long-term employability skills, to ensure adequate preparation for the world of work, and to provide the back-up support needed after a person is employed. These services should be clearly spelled out in the law and should address the personal and social development needs of targeted groups, family, and other support group needs, educational development, and the physical and mental health needs of participants.

II. Employment and training legislation must establish clearly defined "benchmarks" for measuring (1) the achievements of individual program participants and the competencies and skills they acquire, and (2) the effectiveness and performance of specific programs and activities designed to serve individuals.

III. Employment legislation must provide a time frame which permits long-range, multi-year planning and comprehensive program implementation by prime sponsors and local educational agencies.

IV. New youth employment legislation should establish a mechanism for developing and assuring effective local collaboration in the planning, development, and implementation of youth employment and training programs.

Community-based youth-serving organizations can and should have a major role to play in promoting and developing collaborative youth planning and programming at the local level. These organizations -- with their knowledge of youth needs and their experience and expertise in providing services to meet these needs -- can be important links between the CETA system and the education system, and between the public and private sectors in developing employment and training programs for youth.

V. In selecting the deliverers of employment and training services, priority should be given to community-based organizations which have demonstrated their effectiveness in providing a broad range of supportive services to the target groups.

These target groups I have described are different. Clearly if we are serious about reducing their dependency on society and enabling them to become self sufficient, we must be certain that the programs we establish speak to their special needs.

Youth employment is, by almost any standard, one of our most critical city problems. The unemployment rate nationally for 16 to 19 year olds is three-fourths higher than that for 20 to 24 year olds, whose rate is double that for persons 25 and older. There is no reason to believe the situation is any different in South Bend.

Hundreds of youth leave school each year with limited knowledge about the world of work and with language and math skill levels below minimum competency levels required for successful employment. Dropouts encounter particularly severe problems competing for jobs because of limited skills and a lack of credentials. Many youth can find only dead-end jobs or no jobs at all. They cannot begin a career or even gain an understanding of what work is all about.

There is a variety of youth employment problems and needs--youth in school need part-time or summer jobs and information about the labor market in order to continue in school and be prepared for work as adults; dropouts need preparation for and second chances; graduates who can't find a job need career exploration and development.

Programs designed to strengthen youth employment opportunities must be adapted to these diverse circumstances and needs. Job training must be scheduled around and relate to education, enriched by career counseling and occupational information. Included in any youth employment program should be academic tutoring, vocational training, and supportive services.

Other target groups requiring special attention are women, especially those between the ages of 35 and 60 who are forced into the job market for the first time or after an absence of many years through changing life circumstances, and ex-offenders. The unemployment rate for women age 25-54, which is the age grouping used statistically, is 125% that for men of the same age group. Unemployment statistics are not kept for ex-offenders as a separate group, but experience indicates they are the last hired and the first fired. According to our program data, there are from 700-800 individuals in this country alone each year under supervision within the criminal justice system. Clearly their successful rehabilitation is linked to their ability to find and hold a job.

Targeted employment and training programs for ex-offenders do work. During this past project year for the ex-offender job development program operated by the St. Joseph County YWCA we were able to place 29% of the participants in jobs fully utilizing their skills and abilities and assist in job readiness preparation and placement for an additional 25%. As of this writing they are still employed, paying taxes and avoiding return to criminal activity.

For the past five years the YWCA of St. Joseph County has been offering employment training programs for youth. Each year we have provided employment training for over 100 youth ages 16 to 21. Most recently we have conducted a project involving 140 economically disadvantaged teen parents in a program focusing on career planning, training, placement, and entrepreneurship. This project is one of 12 YWCA demonstration youth employment programs funded by a DOL National Outreach and Demonstration youth employment project. As a direct result of the ex-offenders and youth experiences, we make the following recommendations:

Recommendation I.

A principal goal of youth employment and training legislation should be to develop long-term employability skills that will prepare young people to enter the world of work and to attain satisfaction and success in their working lives. New youth legislation must recognize that placement in a job should not be the only goal nor the principal goal of employment and training programs for youth. While job placement is the ultimate, long-range goal, there are other interim goals or "benchmarks" of equal importance which must be achieved if youth employment and training efforts are to be successful. Youth employment legislation must recognize and define these benchmarks and must establish programs and services that will assist young people in achieving these goals.

The valid goals and desirable outcomes for targeted employment and training programs include a broad range of "life-coping" skills and the fulfillment of diverse personal and social needs of participants. They include the development of specific "employability skills" -- the skills, experience, and know-how that are needed not only to qualify for a job, but which are also essential to retaining a job and to doing well on it. In addition to basic skills of reading, writing, and computation, these employability skills include the following:

- The development of good work habits: punctuality, dependability, and how to follow instructions.
- Ability and experience in decision-making.
- Good physical and mental health.
- Ability and experience in solving problems which affect employability, including transportation, housing, child care, and health problems.
- The development of interviewing and job search skills.

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New employment legislation must recognize the relationship between the development of employability skills and the success or failure of youth ex-offenders and older women in the labor market. In order to have long-term impact on employability, programs must first assist participants in developing basic life-coping skills that will enable them to deal with problems and situations that affect their employability. Once these skills have been developed, people will be better prepared for entering the world of work and for achieving success in it.

Employability development and "job readiness" preparation must be integral parts of any and all skill training and job placement programs. Too narrow a focus on basic skills training and placement alone will lead only to short-term success and may likely cause failure in the long run. What is needed is a comprehensive, pluralistic approach that will provide the backup and supportive services required to ensure long-term employability, job retention, and satisfactory job performance.

Therefore, employment and training legislation should require that a full range of comprehensive employment services be available at the local level to provide whatever assistance may be needed to develop long-term employability skills, to ensure adequate preparation for the world of work, and to provide the back-up support needed after a person is employed. These services should be clearly spelled out in the law and should address the personal and social development needs of targeted groups, family, and other support-group needs, educational development, and the physical and mental health needs of youth.

Recommendation II.

Employment and training legislation must establish clearly defined "benchmarks" for measuring (1) the achievements of individual program participants and the competencies and skills they acquire, and (2) the effectiveness and performance of specific programs and activities designed to serve individuals.

Achievement standards must be defined on an individual basis and must reflect the individual needs, interests, and aptitudes of each participant. In order to set individual goals and benchmarks, an individualized needs assessment should be conducted for each program participant. Based on this needs assessment, an individualized employability plan should be developed to define the following: specific employability needs of the participant, barriers to employment or employability development which he or she faces, and the specific services and activities to be provided to overcome these barriers and to meet the needs identified. The employability plan should establish clearly defined benchmarks as interim steps toward the achievement of long-term employability.

Services to target groups should be highly individualized and should be specifically related to the needs and goals set forth in the individual employability plan. Only if employment services are tailored to individual needs can maximum program effectiveness be assured. Services such as remedial education, English language training, career counseling, and person and social problem solving must be highly individualized and responsive to specific needs in order to have a positive impact on employability.

Recommendation III.

Employment legislation must provide a time frame which permits long-range, multi-year planning and comprehensive program implementation by prime sponsors and local educational agencies. Similarly, program operators must be given sufficient time to accomplish their goals and to make more than a short-term impact on the participants they serve. In order to achieve these results, contracts and grants for employment and training programs should provide funding for a start-up phase prior to actual program operation.

In order to encourage comprehensive, long-range planning for employment and training, Congress should enact a five-year authorization for new legislation, and such legislation should provide for multi-year funding of employment and training programs at the local level.

Recommendation IV.

New youth employment legislation should establish a mechanism for developing and assuring effective local collaboration in the planning, development, and implementation of youth employment and training programs. The purpose of such collaborative efforts would be to establish linkages between local employment programs and local education programs for youth, to encourage maximum utilization of local resources and facilities for serving the employment and training needs of youth; to avoid duplication of services and programs; and to assure broad-based support for, and involvement in, youth programs. Through such collaborative efforts, prime sponsors and local educational agencies would be able to tap the resources of a broad range of community-based youth-serving organizations and ensure their active involvement in developing and operating youth employment and training programs.

Community-based youth-serving organizations can and should have a major role to play in promoting and developing collaborative youth planning and programming at the local level. These organizations -- with their knowledge of youth needs and their experience and expertise in providing services to meet these needs -- can be important links between the CETA system and the education system, and between the public and private sectors in developing employment and training programs for youth. Youth-serving organizations such as those affiliated with the National Collaboration for Youth, whose board members include representatives from the local business community, can use their ties with the private sector to develop and expand employment and training opportunities with youth. These organizations can work effectively with local schools to increase educators' awareness and understanding of the employability development needs of youth and to develop education programs and curricula to meet these needs.

In formulating new youth employment policy, Congress should recognize the resources and expertise available through established youth-serving organizations and should enact legislation which will ensure full utilization of these resources in the planning and implementation of youth programs. New youth legislation should require that prime sponsors and local education agencies, when selecting local program operators and deliverers of services, should give priority to community-based organizations which have demonstrated their effectiveness in providing a broad range of services to youth and forging linkages within the community in order to better serve the employment needs of youth.

New youth legislation should recognize the value of increased linkages between the private sector where employment and training opportunities exist and the local organizations and agencies involved in youth program planning and implementation. In order to develop and increase these linkages and to encourage employers to hire young people, the legislation should expand the targeted jobs tax credit to apply to the employment of 16- and 17-year old youth. Lowering the age eligibility requirement would encourage increased linkages between cooperative education programs and employers, and would help expand employment opportunities for youth.

As a further incentive to increase private sector linkages, new youth legislation should encourage the expansion of on-the-job training programs for youth that would involve both for-profit and non-profit employers. Youth-serving organizations can be instrumental in working with CETA prime sponsors, local educational agencies, and employers to develop OJT slots for youth and can provide supportive services to assist youth placed in these programs. In addition, as employers themselves, youth-serving organizations can provide employment and training opportunities for youth by developing and sponsoring their own on-the-job training programs.

Recommendation V.

In selecting the deliverers of employment and training services, priority should be given to community-based organizations which have demonstrated their effectiveness in providing a broad range of supportive services to the target groups. As suggested in Recommendations I and II above, services should be highly individualized and responsive to the specific needs of participants and should focus on the development of skills that will lead to long-term employability.

References:

Project Proposal. YWCA of St. Joseph County Youth Employment Training Program.

Year End Report. YWCA of St. Joseph County Project LIFE.

Indiana Employment Security Division.

Recommendations of the National Collaboration for Youth Workshop on New Youth Employment and Training Legislation.

Senator QUAYLE. Lynn McKinney.

STATEMENT OF LYNN McKINNEY, ACTING EXECUTIVE DIRECTOR, INDIANAPOLIS SETTLEMENTS, INC.

Mr. McKINNEY. Thank you, Senator Quayle.

I am Lynn McKinney, acting director of Indianapolis Settlements, Inc., a private, not-for-profit human service agency in Indianapolis. We employ, roughly, 110 people.

Since 1975, we have been involved in two titles of the CETA program, VI and IId. The following observations and conclusions arise out of our experience with these programs:

Observation one: Expectations about title VI, Public Service Employee, varied radically among participants, administrators, and employing agencies.

(a) Participants expected to be treated as responsible employees, but demonstrated few job-keeping skills, such as promptness and regular attendance.

(b) Participants expected that the employing agency would hire them at the end of their PSE time, despite a lack of improvements in skills or work habits.

(c) Employing agencies expected to be sent people with at least minimal skills and responsible attitudes toward work.

(d) Administrative bodies seemed to assume that employing agencies would cheat PSE people. This expectation was often conveyed to participants, who, then, spent more time thinking about their rights than they did about their responsibilities.

(e) Employing agencies expected to operate a program with consistent, minimal administrative difficulty. In fact, administrative indecision resulted in constantly changing rules and regulations, which made the program almost impossible to operate at times.

(f) Administrative bodies and participants assumed that employing agencies could provide attitude and skill training. Agencies needed workers, not students, and were unable to adjust to these new demands.

(g) Employing agencies assumed that participant test results indicated skills. In fact, they were testing for predictors, not skills, but we weren't aware of this.

In the past year, we have employed only 3 of the 18 CETA-PSE people at the end of their funding. Three others of this group were positive placements. Two were terminated, and one resigned before funding ended. Nine others did not find employment at the end of their funding.

It is the consensus of our management team that we would be very unlikely to participate in a future CETA-PSE program unless it was remarkably different in future years.

Particular changes that we would look for include:

One, employees would be paid at a rate that we would help determine. In our previous experience, some unskilled PSE's were paid more than our continuing, skilled employees.

Two, administration would be relatively distant and uninvolved. Translated, this means that we would have some flexibility, and the rules would be consistent.

Three, formal training in job-keeping skills would be required of all participants before we would accept them.

This is a critical point. It's very important that people be provided job training. That's something we, as an agency, were unable to do.

Four, all participants would have to demonstrate a minimum set of job skills.

Observation two: We have an 80-percent success rate in finding suitable employment for successful completers of classroom training provided under provisions of CETA IId.

Trainees have been 120–130 non-English-speaking persons each year for the past 3 years.

Classroom emphasis has been on workplace survival English language skills.

Trainees have brought work skills and work habits with them.

Job developers and placement counselors assist those who successfully complete classroom instruction.

As I say, this program has been, in our estimation, highly successful. We are interested in continuing and expanding the program in the future. The critical, important elements are that we provide skills to people who are actively seeking them. We employ qualified people whose job it is to provide that classroom instruction.

Observation three: We are now operating a nonfunded, job-seeking and keeping training program, and believe that will grow and provide people with what they need.

As a human service agency, ISI is interested in the welfare of people. We wish to help people live satisfying lives. However, we know that we can attempt to help them to death.

We strongly support the continuation of programs, which provide, for all people who are interested, opportunity to gain or upgrade their job skills.

Senator QUAYLE. Thank you very much, Mr. McKinney.

We've heard from all of you that there are certain segments of our society that need to be served, and some segments, perhaps, haven't been served as well as they should be. Would you advocate us, at a Federal level, mandating certain numbers or percentages, or set-asides, for service to these groups, or would you envision that we leave this basically to a local determination?

Max, you want to try that?

Mr. WRIGHT. I think, basically, it should be left to various localities, and I say that because of the success that we have had with three projects down at the Laborers' Institute already, where we had women in construction, and after the 13-week training period—these were CETA and WIN people—the employment rate was great. And there are, now, many of them still employed after 3 years in the building industry.

And these were based on what was needed in Indiana throughout the State, and these people came from all over the State, and it's worked well.

We tried, again, this year, to have another program, but the funding was not allowed. So, we're not having one this year.

However, the local cement masons through the State are going to be funded out of a PIC program, that will take some preapprentice people, women, people who need to be upgraded so they can get apprenticeship skills. And the last one finished with six people;

four of them went into the Cement Masons local, and two of them went into the Laborers, and they're fully employed.

So, based on local need, I think that would be best served our State, in Indiana.

Senator QUAYLE. So, you don't think you need any guidance or formulas from Washington?

Mr. WRIGHT. Not particularly. Since 1937, the passage of the Apprentice Act, we have had some of the best apprenticeship training programs there is in the world right in the State of Indiana, and our people are second to none. The Bureau of Apprenticeship Training has given us expertise from the Department of Labor, and the contractors, the local unions, the Joint Apprenticeship Committees, and it has worked well with the vocational program that we have in the State of Indiana, and I serve on that committee, too.

And we believe that, based on the needs of a particular area, what's needed in New Albany is not necessarily needed in Lake County, or vice versa.

Senator QUAYLE. I would echo that.

Yes, Theresa?

Ms. TYLER. I think I have a different perspective.

My political philosophy would dictate that, indeed, it is better to determine it at the local level, but the reality that I live with tells me that ex-offenders and displaced homemakers are not going to be served if there is not some mandated portion of services for those particular groups in the legislation. Ex-offenders were notably absent in all of the employment-training programs that I had any experience with prior to the insertion of adequate language in the last CETA revision and, suddenly, they had to have quotas and, suddenly, this population gained service, and we're now able to get these people productively employed, and much less likely to return to jail. Without that mandate, it wouldn't have happened.

Ms. LEVIN. I really have some ambivalence on this question, because, while I find the idea of quotas personally abhorent, I also deal with a group of people who have not had a fair shake when it comes to employment and training opportunities. And I feel, for instance, title V and NAHD for the older citizens came into being because these people weren't being served.

Agencies, such as mine, came into being because the senior wasn't being served.

While employment security tries, they have many, many different numbers of people, categories, et cetera. I don't want to say that so many should and so many shouldn't, but I think there should be, perhaps, some guidance from Washington, or the State, or whoever has the program which says do not forget that seniors comprise a very large category of people and, perhaps, are not being served as well as they should be.

Senator QUAYLE. In other words, you would prefer just to have some emphasis?

Ms. LEVIN. That's right. Emphasis.

Senator QUAYLE. But no specific formula saying that 5 percent of these funds must be used for this, and 20 percent ought to be used for that?

Ms. **Levin**. A loose formula, but I just happen to have this thing with the quota system, but I do feel there should be—let's put the adjective "strong" emphasis.

Senator **Quayle**. But, you know, in testimony we've heard to date and, if you heard it this morning, one of the key themes running through the responses that we had was the desire for flexibility.

Ms. **Levin**. Yes.

Senator **Quayle**. And, now, then, we're getting down to some of the specifics, and I'm getting a little bit of "well, yes, we want flexibility, but we also want some guidance and some institutionalization of emphasis on target groups."

Ms. **Levin**. Particularly for those of us who work with a target group and see how well the group has or has not been served.

Senator **Quayle**. That's why we invited you, and we're glad you're here.

Theresa, do you want to add to that?

Ms. **Levin**. I appreciate it, too.

Ms. **Tyler**. I'm just wondering. Is it possible to mandate service to particular groups and leave some—and I'm not sure how this would work, but I know there are areas in Indiana that never see ex-offenders and, so, clearly, for them to be mandated to provide that service would be silly. Maybe some formula that could be devised at a local level that—using those statistics available. If I know how many ex-offenders there are in St. Joe County, it must not be hard to find out for all counties. So, there's a way to get the best of both worlds, I think, but it's going to take some study and some application of the census data, and some of the other data that we have, to devise a flexible formula with a mandated service.

Senator **Quayle**. That's not a bad description. A flexible formula for a mandated service. [Laughter.]

Now, if I could just figure out exactly what that means and how we could put it into legislation, we'll all be better off.

David, do you have a comment on that?

Mr. **Moffatt**. I just wanted to say that I really do feel that Federal legislation should mandate that certain groups be served. I don't know that the Federal Government ought to set quotas, however. That could be done at the State level; mandate that the State develop a formula that includes these groups.

Now, you know, in other funding, in the Older Americans Act, funding, in title III, was done by formula that the States came up with to include certain disadvantaged groups, all sorts of things in that formula.

I think that the State could come up with its own formula, and that would give, at least, flexibility on the State level.

Senator **Quayle**. Lynn, do you have anything you want to add?

Mr. **McKinney**. Now, I think rewriting the legislation is a very difficult kind of thing to do, but I would opt for what my women colleagues have encouraged here. And, that is, something between indicating which targeted groups are to receive service, without going so far as to set up quotas, and let localities, I think, even lower than States.

My colleague on the right here says what flies upstate may not fly here in Marion County.

Senator **Quayle**. OK.

Max, you want to add something?

Mr. **Wright**. I just want to say this. I would hope that there would be some effort made to continue the Outreach programs, so that we go into the community and find the hardcore unemployed, we take them into classes and we teach them, so that they can become employed in the apprenticeship programs, and become gainfully employed for years to come.

Senator **Quayle**. OK.

I want to personally thank all of you for participating, and look forward to working with you as we progress. Your testimony has been very, very beneficial. Thank you.

Next panel, the Women's Agenda for Action, Rosalie Kelly; from St. Louis, Mo., Area Veterans Consortium, James Finkle; SER-Jobs for Progress, Ruben Gonzales; and the National Association of Rehabilitation Facilities, James Hammond III.

Rosalie, you're number one on my list, so go ahead and begin.

STATEMENT OF ROSALIE KELLY, CHAIRPERSON, INDIANA WOMEN'S AGENDA FOR ACTION, INDIANAPOLIS, IND.

Ms. **Kelly**. Senator Quayle, committee members, I'm happy to be here.

My name is Rosalie Kelly.

Senator **Quayle**. I'm sorry. The record will show that I mispronounced that.

Ms. **Kelly**. I am the chairperson of the nontraditional jobs committee of the Indiana Women's Agenda for Action, which is a coalition or a network of women, who have assembled over the last 2 years to identify problems and develop strategies to improve the status of women in Indiana, particularly around three issues; employment, earnings, and education.

We're happy to be participating in this hearing; today, particularly, because President Reagan has named this Women's Equality Day, and that would be one of our interests; our primary interest.

We have recommended seven points for your consideration in looking at the CETA reauthorization.

First, to keep strong Federal involvement in employment and training.

We have recognized in our local communities that we often fall victim to sex stereotyping, traditional roles, and yet nationally we are looking at ways for women to break some of these sex segregation barriers, and move into higher paying, often male-dominated, employment fields.

And, so, our focus would be to keep the Federal Government much involved. When we have tried decentralization of CETA, and other kinds of granting agencies, we have seen that the Federal Government almost always winds up stepping in, like they did in 1978, to establish guidelines to include funding to break down some of the sex stereotypes.

So, we would work toward that.

No. 2, gear skills training and employment opportunities to those who are most in need.

And we would define those who are most in need in two categories; one, those who have no saleable skills; and, two, those who are breaking barriers to being self-sufficient; so we have two different need groups, who, are to be treated a little differently.

The ones who are hardest to employ, those who will be working to make economic and social gains for all of us through development of skills, are, unfortunately, the most difficult and expensive to serve. And they are not as likely to produce impressive employment rates, as those with employable skills, so they are often passed over by local program deliverers who need to commit to 60 or 70 percent program placement, who, in fact, are often accused of creaming; partly because there is a survival instinct in every CETA delivery system that tries to meet whatever it will need to meet in order to be there again the next year.

So, if we could lower our expectations or develop a more realistic package of expectations, while serving those who are most in need, we might be more effective.

The second group, whom we see as those who are most in need, are those who are, in special cases, working to break down some of the barriers in society that have been set up artificially, and have inhibited self-sufficiency of individuals; for example, women in nontraditional job areas.

When we are asked by CETA prime sponsors to serve those in most need, we are often looking at those who have the longest distance to go from point A to point C to be able to win or to make an impact in jobs which have not been traditionally held by women.

And we would like for the Government to consider some special categories for service in the CETA structure that would allow for the recruitment tactics to include searching for people, who are in economic need, but who may have some of the winning job capabilities that are needed to keep these employment options open which have been created through Federal legislation.

As we look at that group of people who are also in need, we hate to pass up an opportunity, today, which has been declared Women's Equality Day, to comment on the fact that the affirmative action regulations are, probably, in danger of being taken away.

And we would seek CETA efforts to help people move into nontraditional job areas, and other kinds of training efforts on behalf of the Government, directly supporting those regulations which have allowed some old barriers to be broken down in employment, and would not like to see those supports on the Federal level taken away for changes in our society, particularly, when we look at the fact that women are growing more and more desperate in their need to support families.

In our efforts here, in this society, put things back in order, and return to a sense of family units who can support themselves, what we're failing to face is that one of every three households, which is headed by a family, is in a poverty cycle; whereas, one in every 18, male-headed households, is poor.

So, when we look at who should be availed the CETA services, we're suggesting that targeting jobs and training to women is an absolute essential, or this Government is going to find itself with a truly feminized poverty cycle.

And we would like to reemphasize that those barriers of sex, race, and age, and discrimination, are local barriers and national barriers. We've been working at them, but we still recognize that females' capability for supporting themselves are limited, nationally, to 59 percent of every dollar; earned by men here in Indiana, to 53 percent.

Many women are still working because they have to, not because of extreme circumstances, but because of economic limitations on the earning capacity of themselves and other people in their lives.

We would like to encourage programs which increase the skills of the unemployed, not programs which are easy, up and at them, and out the door, kinds of programs. People with marketable skills should not take CETA dollars to enter the job market, unless there are special advocacy needs or special training needs attached to work that is available.

We would like to see private sector involvement, but realistically, we must face the fact that private sector involvement is not going to happen unless there are some incentives designed to induce private employers to become involved.

You asked earlier about the targeted jobs tax credit, our experience with the local employment program has shown us that employers are not interested because of the paperwork. So, incentives are going to be a real issue.

We would like, also, to see CETA budgets allow for positive media interpretation of what's working and what's good about CETA.

I think the press has always been prone to pick up the negative, no matter where, and there are a lot of wonderful stories that can be told, like Theresa Tyler told about South Bend. Too often, the administrative ceilings on the CETA budgets limit having that capability built into the operation. and we would love to see that happening.

For example, here in Indianapolis, there are two training programs geared to helping women get into the building trades; one of which is run by the local YWCA. One positive result can be shown; in the last year, the number of women in building trades have increased fourfold, from 9 to 34 apprentices.

There are positive stories, if we can just get at them.

Thank you.

[The prepared statement of Ms. Kelly follows:]

Statement of Rosalie Kelly, Chairperson, Indiana Women's Agenda for Action, Indianapolis, Ind.

I am Rosalie Kelly, Chairperson of the non-traditional jobs subcommittee of the Women's Agenda for Action. The Women's Agenda for Action is a network of over 500 women in Indiana who work together to identify problems and develop strategies to improve the status of women in Indiana. Women's Agenda for Action is concerned with access for women to employment and training programs and the success of those programs. Participating members of Women's Agenda for Action have a great deal of experience with CETA as program operators, monitors, and advocates.

1. KEEP STRONG FEDERAL INVOLVEMENT IN EMPLOYMENT AND TRAINING

We realize that two very important national concerns are exercising budgetary restraint and improving the economy. We support those concerns. But we believe it is counterproductive to those goals to substantially reduce the federal government's support of and involvement with employment and training needs. Without substantial monetary and policy involvement of the federal government, the employment needs of those who face the greatest barriers to meaningful employment will simply not be met. Neither the private sector nor state and local governemnt have demonstrated, without strong federal direction, a committment to reach those people who lack basic entry skills, those who need special help to develop the most rudimentary work history and habits and those who are willing to cross racial or sexual barriers to gain financial independence. The federal government must continue to be the driving force behind the development of job and training opportunities for those greatest in need of these services.

Strong federal guidance and monitoring of policy is also necessary. CETA decentralization has proved counterproductive in the past, creating such problems that Congress felt compelled to exert stronger federal influences in the 1978 amendments. We fear that State administered block grants and other forms of program decentralization would lead to similar problems in the future.

2. GEAR SKILLS TRAINING AND EMPLOYMENT OPPORTUNITIES TO THOSE MOST IN NEED

Except in special advocacy cases, the unemployed who have skills do not require extensive federal help to obtain jobs. In times of budgetary restraining the federal government's employment and training policy and money should be directed to those who are most in need of its assistance. It may cost more, in the short run, to serve the needs of those hardest to employ, but the economic and social gains will be the greatest. Unfortunately, because the most in need are often the most difficult and expensive to serve, because they are not as likely to produce impressive employment rates as those with employable skills, they are often passed over by local programs who must commit to 60-70% placement goals. Modification of performance expectations for ETA programs would stop the practice of "creaming" the recipients easiest to serve and encourage concentration on those structurally unemployed. Programs designed to help women and/or minorities qualify for previously segregated employment must be undergirded. In these special cases the best and the brightest candidates must be found to pioneer opportunities for others. CETA access must not be limited to those with the most desperate work histories or these occupational opportunities will be lost before they are gained.

3. IMPROVE AND EXPAND PRE-VOCATIONAL COUNSELING

Appropriate expenditure of training funds requires quality pre-vocational counseling. CETA funds are mis-appropriated when persons are trained for occupations which are not in line with their abilities or of genuine interest to the participants. Development of employability plans is a step toward effective CETA programming if counselor case loads and capabilities are sufficient to the task of identifying good candidates. Unfortunately, the prime sponsor counseling component is often understaffed with inadequately prepared personnel. The requirement that this be a prime sponsor function within the twenty percent administrative ceiling may be the limiting factor. A study of resources and financial constraints is warranted. Too many CETA participants waste tax payer dollars developing skills they have no intention of using to gain financial independence beyond the training period.

4. TARGET JOBS AND TRAINING TO WOMEN

Those most in need are more often than not women. The National Advisory Council on Economic Opportunities recently released study, Critical Choices for the 80's concluded that the poor are increasingly becoming a group defined by its sex --female. One in every three female headed households lives in poverty, while only one in every eighteen male headed households is poor. If the proportion of the poor who are in female headed households increases at the same rate as it did from 1967-1977, the proverty population by the year 2000 will be composed solely of women and their children. One of the major reasons for the "feminization of poverty" is women's limited access to jobs and earnings. Females earn only 59¢ to every dollar a man earns. The barriers of sex, race and age discrimination, social barriers facing welfare recipients, occupation segregation and the lack of support services for women with children all contribute to the earnings differential. Employment and training services must be targeted to the specific needs of women, especially to those women who are structurally unemployed.

5. ENCOURAGE PROGRAMS WHICH INCREASE THE SKILLS OF THE UNEMPLOYED

The barriers faced by the long term unemployed are not easily overcome. Federal policy should encourage programs that enable participants to remain economically self-suffient over a long period of time. Programs that emphasize quick job placement provide only temporary solutions. CETA participants, especially women, cannot be expected to remain employed for any length of time without skill training, day care and supportive services.

For women, quick job placements generally mean placements in lower paying jobs which are "traditionally female". Female headed households make up such a large portion of the working poor because their income is so low that public assistance is a necessary income supplement. The better paid, highly skilled jobs are often those which women have not traditionally held. Placement in those jobs requires advocacy and/or comprehensive training for job specific skills. It also requires special training to help people overcome the sex stereotypes involved. This type of training is often expensive. It is currently discouraged by CETA because program quality is assessed on a cost per participant basis. Federal policy should be broad enough to recognize that programs which may be more costly create long term savings.

6. PROVIDE INCENTIVES FOR PRIVATE SECTOR INVOLVEMENTS

We believe the private sector should play a major role in the employment and training process. Effective cooperation of the public and private sector will create a realistic and more efficient training system. Employers should be involved in program policy. They can and should be responsible for identifying available jobs and skills needed for those jobs they must be willing to commit economic resources to training. In many cases, training in a classroom is artificially contrived when training is most appropriate at the work site. Private employers, by themselves, do not have the incentive to reach out and employ those most in need of skills training. Without federal incentives private employers do not have sufficient reason to overcome discrimination in the marketplace. Successful placements and expanded job opportunities will result if linkages between the public and private sectors are strengthened.

7. EMPHASIZE THE POSITIVE IMPACT OF CETA

Many person's lives have been turned around through CETA training. Unfortunately the media have more easily reported failures than successes, which can be difficult to quantify. More efforts must be made to promote what is working.

Two Indianapolis CETA programs focused on affirmative action for women and minorities in construction can be cited for measurable contributions to the fourfold acceleration of females preparing for the construction trades in Indianapolis. The Indiana Bureau of Apprenticeship and Training statistics demonstrate an increase from 9 to 34 women in building trades apprenticeships within the last year. Neither contributing project would have come into existence without CETA. Without government investment in programs to prepare women for equal employment opportunities, authorized through federal regulations, sex and racial segregation in high paying occupations will never be ended.

Through CETA funding and the Indianapolis YWCA, hundreds of women were enrolled in career exploration, prep and placement programs, attended open workshops or otherwise make aware of new working opportunities. Without CETA, exposure to these employment possibilities which allow women to break the poverty cycle of traditional women's work would not have been as broad. Successful models for women in the trades would not be growing in numbers to break employment barriers in future years. Employers would not have been pressed to hire females. CETA has made a difference!

Senator **QUAYLE**. I certainly agree that there are many positive stories, and they need to be told, and repeated.

Next on the list, Jim Finkle, from St. Louis, Mo.

STATEMENT OF JAMES L. FINKLE, DIRECTOR, ST. LOUIS AREA VETERANS CONSORTIUM, INC., ST. LOUIS, MO.

Mr. **FINKLE**. Senator Quayle, I'll keep this short and to the point. I'm the director of the St. Louis Area Veterans Consortium. My name is Jim Finkle.

We have two projects in the St. Louis area that serve, primarily, Vietnam-era veterans, but we help veterans of all eras. We see about 3,000 veterans a year.

I am here to say that Vietnam-era veterans are one group that CETA has never adequately served, and probably will never be able to adequately serve.

The reasons for that are many. Vietnam veterans distrust of bureaucratic systems, the fact that many definitions in the CETA law prohibit Vietnam-era veterans from being considered under the act; for example, there's the under 35-age stipulation. Well, the average age of Vietnam-era veterans is, now, is about 35. There's an ambiguity in the regulation that states that if a veteran hasn't had permanent, unsubsidized employment since discharge, he is eligible.

That's open to interpretation by prime sponsors. Some of them consider up to 1 day's employment to make him or her not eligible.

At any rate, the only place that veterans have been adequately served by CETA is where groups, like our's, have risen up to work with the prime sponsor, and get the vets into the programs.

That's documented in several GAO reports, and also the final study on Hire II.

Just in summary, I would like to say that what is needed is an employment and training counterpart to the VA Outreach program.

The fact that over 40 percent of the veterans going into the VA Outreach program say that their biggest problem is finding a job, that in the most recent VA surveys, 23.9 percent of Vietnam-era veterans say that their biggest problem is finding a job, seems to indicate to me that there is need there that is not being addressed, and I think it will never be addressed by CETA.

Thank you.

Senator **QUAYLE**. Thank you very much, Jim.

[The prepared statement of Mr. Finkle follows:]

STATEMENT OF JAMES L. FINKLE, DIRECTOR. ST. LOUIS AREA VETERANS CONSORTIUM

Senator Quayle, members of the Senate Subcommittee on Employment and Productivity, thank you for allowing me the opportunity to present the testimony of the St. Louis Area Veterans Consortium.

The St. Louis Area Veterans Consortium is a Vietnam Era veterans self-help organization founded in 1974. It currently operates two Veterans Service Centers, one in the City of St. Louis, one in St. Louis County. The Centers assist about 3,000 veterans a year. Sixty-five percent of these veterans served during the Vietnam Era, of whom thirty percent are Vietnam theater veterans. Fifteen percent of the veterans assisted served before Vietnam and twenty percent served after Vietnam. Disabled veterans account for ten percent of our intake. Other demographic characteristics are A) Race - White 68%, Black 31%, Other 1%; B) Sex - Male 96%, Female 4%.

The Veterans Service Centers provide assistance in job development and referral, interview preparation, education, vocational counseling, emergency food, veterans benefits counseling and referral to other services such as emergency housing and discharge review counseling.

Our cost per service is $14.65, our cost per placement is $311.76. Clients of the Veterans Service Centers average a 20% wage increase after utilizing our services.

We have always had about 90% of our placements into unsubsidized employment, but have marketed and placed into programs such as HIRE II, CETA OJT, Vocational Education and Public Service Employment.

Our experience with employment and training programs has lead to the two following conclusions:

1. There has never been a national employment and training program specifically designed to serve veterans, particularly those that are disabled and/or served during the Vietnam Era. There is a need for special effort.

2. Vietnam Era veterans (the same as all veterans) can best be served in a community setting.

1) Although veterans have been layered onto many employment and training programs, there has never been a program designed to serve only veterans. These programs (HIRE I, HIRE II and CETA) were designed to serve other priority groups. Veterans, particularly Vietnam Era and disabled veterans, were substituted into programs or added as a target group when the problem of veteran unemployment became apparent. The American Legion has documented CETA's failure to serve the veterans, and Department of Labor studies showed that the only time adequate services to veterans were provided were when community based veterans organizations had come forward to render them. These groups, often obtaining funding only after several years of struggle, constituted the only viable services under CETA to veterans. These Department of Labor studies lead to the development of the Targeted Technical Assistance Program. This short lived program (a subject of the early cutbacks in DoL discretionary funding) was designed to help other veterans groups in targeted cities gain access to the CETA system. The program showed promise, but never had a chance to prove its worth. The community based veterans organizations providing services to veterans under CETA are now almost universally being cut or eliminated.

CETA was not an appropriate vehicle to provide employment services to veterans, but it was the "only game in town." CETA criteria, definitions and ambiguities prevented many veterans from being eligible for services under the act. Its structure just did not fit the employment problems of veterans. Its veterans provisions were monitored, and enforced only as CETA was in its decline. In short, CETA's solutions were never designed for or adequate to address veteran unemployment.

The Federal Government has extensively studied the problems of Vietnam Era veterans as well as failures and successes at service delivery for these veterans. A Louis Harris study released in July of 1980 found that Vietnam Era veterans most in need have the highest degree of difficulty accessing government agencies. These veterans include those with less than a high school diploma, those with less than honorable discharges and unemployed veterans. The Veterans Administration has responded to address access problems by establishing non-traditional outreach facilities (called Vet Centers) where Vietnam veterans may discuss their problems with Vietnam Veteran Counselors and receive the support needed for psychological readjustment. Unfortunately over 40% of the 40,000 Vietnam Era veterans seen by the Vet Center from April 1980 to December 1980 have employment problems these centers are unable to address since employment responsibilities fall with DoL.[2] The most recent national survey of veterans shows that the main readjust problem Vietnam and disabled veterans face is finding a job.[3]

Another study conducted by the Center for Policy Research spanning from 1973 to its date of release in March of this year also sites the problems Vietnam Era veterans have had in obtaining government sponsored services. The study further states that traditional bureaucratic approaches to service delivery do not address the needs of Vietnam Era veterans, and suggest the peer counselor approach as most successful in service delivery.[4] The study also suggests that many Vietnam Era veterans may have been deterred from making full use of veterans benefits under the GI Bill because of the social and psychological strains that arose after they returned home. The average age of the Vietnam Era veteran is 34 years, well past the 10 year delimiting date for the former 18 to 24 year old combatants to receive any VA benefits under the GI Bill.

A study produced by the General Accounting Office[5] discussed changes that needed to be made in the CETA system as it exists, along with the gaps that exist within veterans employment service. This study was not all encompassing, but even its limited recommendations were never fully implemented.

Veterans employment programs have suffered from changing administrations, and the immergence of other groups claiming preference. Veterans preference in employment and training programs, while clearly intended by the Congress, has suffered from administrative neglect, competition for funding by other programs, and submergence in the morass of regulations designed to advance other groups socio-economic progress.

A study produced by Barnhill-Hayes[6] on groups affected by Affirmative Action shows employers feel Vietnam veterans are only AHEAD OF ~~behind the~~ handicapped in their prospect of being the least likely group to make significant strides in employment over the next five years.

Recently we witnessed the irony of Vietnamese refugees receiving employment preference over Vietnam veterans. This was due to the fact that Affirmative Action for Vietnam veterans is little monitored and still less enforced, that at that time veterans were limited to making Affirmative Action complaints within 48 months of their discharge[7] and that Vietnamese refugees, once admitted to our country received a "green card" and were thus eligible for Affirmative Action as Asian-Pacific minorities.

The final result of all these factors is unemployed veterans who need special assistance. The root cause of veteran unemployment, that skills needed most in our national defense are not sought after in the civilian employment market, has been aggravated by economic conditions and administrative neglect. Many veterans left the service in times of recession and accepted jobs that were low skill, high lay off positions. These veterans are caught in the last hired, first laid off cycle that non-veterans may not be subjected to. While veterans were in the service, non-veterans were building seniority that protected them from work force reductions.

2) Veterans can best be served in a community setting by their peers. As the final HIRE II study[8] showed, veterans respond best to other veterans. This concept also was proven in a report by the Human Relations Resource Organization (HUMMRO) on the Disabled Veteran Outreach Program and recent studies by the Veterans Administration.[4] The HIRE II report[8] and the VA study[4] also indicate that veterans, particularly disabled and Vietnam Era veterans, respond best to non-bureaucratic approaches in community settings. Our own experience, and those of other employment programs run by veterans for veterans, have proven community based organizations are more successful than traditional approaches. Whether the group is a non-traditional organization or a traditional organization with a post (for example the American Legion) a program administered and staffed by them, with support and technical assistance from other groups, is far more likely to help a veteran than any other avenue of assistance. Such programs should be designed and evaluated around one goal--unsubsidized career placements, not around the usual government criteria of reports, statistics and rhetoric.

Veterans are the only group who have earned their entitlement to special services through their own service. Our responsibility lies in the possibility of failing to reach out to veterans who may never recover to a productive capacity without real assistance.

In closing, I quote George Washington: "The willingness with which our young people are likely to serve in any new war, no matter how justified, shall be directly proportional to how they perceive veterans of earlier wars were treated and appreciated by their nation."

Thank you,

James L. Finkle
James L. Finkle

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Senator QUAYLE. Ruben.

STATEMENT OF RUBEN GONZALEZ, EXECUTIVE DIRECTOR, SER-JOBS FOR PROGRESS, INC., LAKE COUNTY, IND.

Mr. GONZALEZ. Senator, my name is Ruben Gonzalez, and I am executive director of SER-JOBS for Progress, of Lake County, Ind.

In keeping with the stated intent of these hearings on CETA, our comments will touch on three general areas:

One, the appropriate objectives of Federal employment and training policy.

Two, the appropriate methods for carrying out those objectives.

Three, the participation by the private sector of our Nation's economic system in sharing the responsibility of training and employing those unemployed workers who have little chance of otherwise successfully competing for jobs.

We believe very strongly in having a cohesive Federal response to the unemployment situation facing our urban centers, our States, and our municipalities. It is important to keep in mind that localities have, and will, continue to look to the Federal Government for some relief in resolving local problems of high unemployment, but we also see a need for the Federal response to be focused more sharply.

As such, in response to the question being raised by this subcommittee, "What are the appropriate objectives of an employment and training policy?" We support that its primary objective is to reduce the unemployment rate of particular segments of the population; notably, the most economically disadvantaged members of our society.

In our view, the more global objectives of reducing the overall unemployment rate, increasing the productivity of our work force, and so on, are better dealt with through programs and systems separate from the employment and training field.

Simply stated, we view the Federal employment and training system as a very specific effort aimed at resolving some very specific problems.

Programs for economic recovery and revitalization, including the economic development of distressed areas, are responsibilities better left to other systems, both private and public, specifically designed to promote these efforts.

Therefore, if it is accepted that the Federal employment and training system is to operate through a more focused mechanism, this focus ought then to be placed on the economically disadvantaged, primarily, young workers.

I believe the record plainly speaks for itself, when, as we review the official statistics, we find ever-increasing high school drop-out rates for minority youth, and an under-representation of disadvantaged youth in vocational education programs.

Since the data reveal such drastic failures, it clearly becomes even more important to have a strong and committed Federal response to the problems of disadvantaged youngsters and their obvious lack of preparation for the world of work.

Having proposed that national policy on employment and training should focus primarily on resolving the structural unemployment problems of the Nation, we maintain that the goal of the national employment and training system is to direct resources to enhance the placement of structurally unemployed workers into unsubsidized, private sector jobs, and that national policy on employment and training should focus on job-related training as the primary vehicle to successfully achieve the goal of the employment and training system.

As such, we profess that an increased emphasis on training for the development of marketable skills, coupled with higher emphasis on placing trainees in unsubsidized private sector employment, ought to be the Federal priority.

However, it is of utmost importance that proposals aimed at providing incentives for the private sector to hire and train economically disadvantaged individuals do not simply reduce the tax burden on the private sector, without taking measures to insure that such tax breaks will result in training and job placement for the economically disadvantaged individuals.

Our own experience with the private sector has shown that employers are highly receptive to new ideas and innovative programs designed to train hard-to-employ individuals.

Likewise, employers have always been receptive to programs aimed at increasing their businesses, and, consequently, employment opportunities in their firms. Yet, when one considers the added costs associated with training unskilled individuals for some of the jobs offered, it is easy to see how a cost-conscious private sector might choose the alternative of training individuals who are not unskilled. Therefore, it becomes necessary to find ways to reduce the added cost of training the hard-to-employ.

Hence, the role of the Federal Government in this particular situation becomes vital. In participating with the private sector, the Federal Government must establish that these jobs be filled by economically disadvantaged individuals.

We close this testimony by specifically addressing two questions; namely, do these programs work, and can the diverse set of programs be coordinated?

In response to the first question, without having to refer to the volumes of statistics compiled on the effectiveness of CETA, we would be safe in stating that the most effective of the CETA programs are those which are comprehensive in their service offerings; that is, providing training and job placement, while specific on whom they serve. Examples are the local programs implemented by community-based organizations, which have consistently outdone the national average in job placements and training cost effectiveness.

Second, with respect to the issue of coordination, we recommend that the first step to be taken is to channel the varied services and programs toward those individuals who most need them.

It is essential that the employment and training effort first come to grips with identifying the population to be served. It must, then, separate those activities associated specifically with job training and those associated with job creation.

An aggressive job creation program is mandatory. An equally aggressive job training program designed to train individuals to fill those jobs is, likewise, crucial in order for this coordinated effort to succeed.

On behalf of the community which we represent nationwide, thank you, again, for allowing SER-JOBS for Progress, Inc., this opportunity to present this testimony.

Thank you.

Senator QUAYLE. Thank you very much.

[The prepared statement of Mr. Gonzalez follows:]

STATEMENT OF RUBEN GONZALEZ, EXECUTIVE DIRECTOR, SER-JOBS FOR PROGRESS, INC., LAKE COUNTY, IND.

MR. CHAIRMAN, HONORED MEMBERS OF THIS SUBCOMMITTEE, LADIES AND GENTLEMEN:

WE EXPRESS SINCERE APPRECIATION FOR THE OPPORTUNITY TO SUBMIT THE VIEWS OF SER-JOBS FOR PROGRESS, INC. TO THIS SUBCOMMITTEE ON THE IMPORTANT NATIONAL ISSUE OF THE REAUTHORIZATION OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT(CETA).

IN KEEPING WITH THE STATED INTENT OF THESE INITIAL HEARINGS ON CETA, OUR COMMENTS WILL TOUCH ON THREE GENERAL AREAS:

1) THE APPROPRIATE OBJECTIVES OF FEDERAL EMPLOYMENT AND TRAINING POLICY;
2) THE APPROPRIATE METHODS FOR CARRYING OUT THOSE OBJECTIVES; AND
3) THE PARTICIPATION BY THE PRIVATE SECTOR OF OUR NATION'S ECONOMIC SYSTEM IN SHARING THE RESPONSIBILITY OF TRAINING AND EMPLOYING THOSE UNEMPLOYED WORKERS WHO HAVE LITTLE CHANCE OF OTHERWISE SUCCESSFULLY COMPETING FOR JOBS.

BEFORE CONTINUING, HOWEVER, PLEASE ALLOW US TO SHARE AN OVERVIEW OF OUR ORGANIZATION.

SER-JOBS FOR PROGRESS, INC. IS A NATIONAL, NON-PROFIT CORPORATION DEVOTED PRIMARILY TO SECURING EMPLOYMENT OPPORTUNITIES AND UPGRADING THE EMPLOYABILITY OF AMERICAN WORKERS; TO CREATING JOBS BY INCREASING BUSINESS AND ECONOMIC OPPORTUNITIES FOR MINORITY COMMUNITIES; AND TO ENSURING THE OPTIMUM PARTICIPATION OF HISPANIC AMERICANS IN THE SOCIO-ECONOMIC DEVELOPMENT OF THIS GREAT NATION.

JOBS FOR PROGRESS, INC., BETTER KNOWN BY ITS LOGO - "SER" - WAS CREATED IN 1964 BY THE LEAGUE OF UNITED LATIN AMERICAN CITIZENS AND THE AMERICAN G.I. FORUM; THE MOST PRESTIGIOUS HISPANIC CIVIL RIGHTS ORGANIZATIONS IN THESE UNITED STATES. NOW, AS THEN, WE CONTINUE TO BE GUIDED AND SPONSORED BY THESE TWO PROMINENT ORGANIZATIONS.

SER'S WORK IS CARRIED OUT IN NEARLY 150 COMMUNITIES THROUGHOUT THE NATION BY A NETWORK OF INDEPENDENT, COMMUNITY-BASED ORGANIZATIONS. THESE AFFILIATES OPERATE EMPLOYMENT AND TRAINING PROGRAMS, WHICH ARE IMPLEMENTED THROUGH CONTRACTUAL RELATIONSHIPS WITH THE LOCAL CETA PRIME SPONSORS.

WORKING IN COLLABORATION WITH THE MINORITY BUSINESS DEVELOPMENT AGENCY OF THE U.S. DEPARTMENT OF COMMERCE, SER IS ENGAGED IN JOB CREATION ENDEAVORS. THROUGH THESE EFFORTS, SER ASSISTS IN THE ESTABLISHMENT AND EXPANSION OF MINORITY-OWNED FIRMS.

FURHTERMORE, A SOURCE OF PARTICULAR PRIDE AND IMPORTANCE TO SER (NATIONWIDE) IS ITS RELATIONSHIP WITH THE PRIVATE SECTOR. AT BOTH THE LOCAL AND NATIONAL LEVELS, PRIVATE INDUSTRY ADVISORY COUNCILS, KNOWN AS "AMIGOS DE SER", ASSIST IN THE TRAINING AND EMPLOYMENT PROCESS OF OUR CLIENTS. THIS YEAR, OUR NATIONAL "AMIGOS DE SER" COUNCIL IS CO-CHAIRED BY ROCKWELL INTERNATIONAL AND AMERICAN TELEPHONE AND TELEGRAPH.

BECAUSE OF THESE ESTABLISHED RELATIONSHIPS WITH AMERICA'S EMPLOYERS - JUST IN FISCAL YEAR 1980 - OUR NETWORK SERVED OVER 60,000 PEOPLE. SINCE OUR FIRST DOOR WAS OPENED TO HELP STRUCTURALLY-UNEMPLOYED WORKERS FIND GAINFUL EMPLOYMENT, OVER 400,000 HAVE TAKEN THE STEP FROM DEPENDENCE ON GOVERNMENT AID TO ECONOMIC INDEPENDENCE. WE CONSIDER THIS QUITE AN IMPORTANT STEP. AS SUGGESTED IN THE NAME OF OUR ORGANIZATION, WE HAVE INDEED BROUGHT PROGRESS THROUGH JOBS - TO THOSE THOUSANDS OF INDIVIDUALS WE HAVE SERVED.

HAVING PROVIDED BASIC DATA ON OUR ORGANIZATION, WE NOW FOCUS ATTENTION ON THE ROLE OF THE FEDERAL GOVERNMENT IN EMPLOYMENT AND TRAINING.

WE BELIEVE VERY STRONGLY IN HAVING A COHESIVE, FEDERAL RESPONSE TO THE UNEMPLOYMENT SITUATION FACING OUR URBAN CENTERS, OUR STATES, AND OUR MUNICIPALITIES. IT IS IMPORTANT TO KEEP IN MIND THAT LOCALITIES HAVE AND WILL CONTINUE TO LOOK TO THE FEDERAL GOVERNMENT FOR SOME RELIEF IN RESOLVING LOCAL PROBLEMS OF HIGH UNEMPLOYMENT. BUT WE ALSO SEE A NEED FOR THE FEDERAL RESPONSE TO BE FOCUSED MORE SHARPLY.

AS SUCH, IN RESPONSE TO THE QUESTION BEING RAISED BY THIS SUBCOMMITTEE--WHAT ARE THE APPROPRIATE OBJECTIVES OF AN EMPLOYMENT AND TRAINING POLICY--WE SUPPORT THAT ITS PRIMARY OBJECTIVE IS TO REDUCE THE UNEMPLOYMENT RATE OF PARTICULAR SEGMENTS OF THE POPULATION, NOTABLY THE MOST ECONOMICALLY DISADVANTAGED MEMBERS OF OUR SOCIETY. WE DO SO BECAUSE WE SEE THIS TYPE OF "FOCUSING" AS A MORE MANAGEABLE MECHANISM FOR THE FEDERAL GOVERNMENT TO EMPLOY, WHILE ALLOWING FOR BETTER MONITORING OF THE IMPACT OF NATIONAL PROGRAMS. LIKEWISE, IT ENHANCES THE CREDIBILITY OF THE SYSTEM.

IN OUR VIEW, THE MORE GLOBAL OBJECTIVES OF REDUCING THE OVERALL UNEMPLOYMENT RATE, INCREASING THE PRODUCTIVITY OF OUR WORKFORCE, AND SO ON, ARE BETTER DEALT WITH THROUGH PROGRAMS AND SYSTEMS SEPARATE FROM THE EMPLOYMENT AND TRAINING FIELD. SIMPLY STATED, WE VIEW THE FEDERAL EMPLOYMENT AND TRAINING SYSTEM AS A VERY SPECIFIC EFFORT AIMED AT RESOLVING SOME VERY SPECIFIC PROBLEMS. PROGRAMS FOR ECONOMIC RECOVERY AND REVITALIZATION, INCLUDING THE ECONOMIC DEVELOPMENT OF DISTRESSED AREAS, ARE RESPONSIBILITIES BETTER LEFT TO OTHER SYSTEMS, BOTH PRIVATE AND PUBLIC, SPECIFICALLY DESIGNED TO PROMOTE THESE EFFORTS - WITH THE APPROPRIATE LEVEL OF COORDINATION, OF COURSE.

THEREFORE, IF IT IS ACCEPTED THAT THE FEDERAL EMPLOYMENT AND TRAINING SYSTEM IS TO OPERATE THROUGH A MORE FOCUSED MECHANISM, THIS FOCUS OUGHT THEN TO BE PLACED ON THE ECONOMICALLY DISADVANTAGED, PRIMARILY YOUNG WORKERS.

I BELIEVE THE RECORD PLAINLY SPEAKS FOR ITSELF WHEN, AS WE REVIEW THE OFFICIAL STATISTICS, WE FIND EVER-INCREASING HIGH SCHOOL DROP-OUT RATES FOR MINORITY YOUTH, AND AN UNDER-REPRESENTATION OF DISADVANTAGED YOUTH IN VOCATIONAL EDUCATION PROGRAMS. SINCE THE DATA REVEAL SUCH DRASTIC FAILURES, IT CLEARLY BECOMES EVEN MORE IMPORTANT TO HAVE A STRONG AND COMMITTED FEDERAL RESPONSE TO THE PROBLEMS OF DISADVANTAGED YOUNGSTERS AND THEIR OBVIOUS LACK OF PREPARATION FOR THE WORLD OF WORK.

HAVING REFERRED TO THE ROLE OF FEDERAL POLICY, WE NOW ADDRESS THE STRATEGIES FOR IMPLEMENTING THIS FEDERAL POLICY. HAVING PROPOSED THAT NATIONAL POLICY ON EMPLOYMENT AND TRAINING SHOULD FOCUS PRINCIPALLY ON RESOLVING THE STRUCTURAL UNEMPLOYMENT PROBLEMS OF THE NATION, WE MAINTAIN THAT THE GOAL OF THE NATIONAL EMPLOYMENT AND TRAINING SYSTEM IS TO DIRECT RESOURCES TO ENHANCE THE PLACEMENT OF STRUCTURALLY UNEMPLOYED WORKERS INTO UNSUBSIDIZED, PRIVATE SECTOR JOBS, AND THAT NATIONAL POLICY ON EMPLOYMENT AND TRAINING SHOULD FOCUS ON JOB-RELATED TRAINING AS THE PRIMARY VEHICLE TO SUCCESSFULLY ACHIEVE THE GOAL OF THE EMPLOYMENT AND TRAINING SYSTEM.

AS SUCH, WE PROFESS THAT AN INCREASED EMPHASIS ON TRAINING FOR THE DEVELOPMENT OF MARKETABLE SKILLS, COUPLED WITH HIGHER EMPHASIS ON PLACING TRAINEES IN UNSUBSIDIZED PRIVATE SECTOR EMPLOYMENT, OUGHT TO BE THE FEDERAL PRIORITY. HOWEVER, IT IS OF UTMOST IMPORTANCE THAT PROPOSALS AIMED AT PROVIDING INCENTIVES FOR THE PRIVATE SECTOR TO HIRE AND TRAIN ECONOMICALLY DISADVANTAGED INDIVIDUALS DO NOT SIMPLY REDUCE THE TAX BURDEN ON THE PRIVATE SECTOR WITHOUT TAKING MEASURES TO ENSURE THAT SUCH TAX BREAKS WILL RESULT IN TRAINING AND JOB PLACEMENT FOR THE ECONOMICALLY DISADVANTAGED INDIVIDUALS ON WHOSE BEHALF SUCH LEGISLATION IS ORIGINALLY PROPOSED AND IMPLEMENTED.

OUR OWN EXPERIENCE WITH THE PRIVATE SECTOR HAS SHOWN THAT EMPLOYERS ARE HIGHLY RECEPTIVE TO IDEAS AND INNOVATIVE PROGRAMS DESIGNED TO TRAIN HARD-TO-EMPLOY INDIVIDUALS FOR THEIR EMPLOYMENT OPPORTUNITIES. LIKEWISE, EMPLOYERS HAVE ALWAYS BEEN RECEPTIVE TO PROGRAMS AIMED AT INCREASING THEIR BUSINESSES, AND CONSEQUENTLY EMPLOYMENT OPPORTUNITIES IN THEIR FIRMS. YET, WHEN ONE CONSIDERS THE ADDED COSTS ASSOCIATED WITH TRAINING UNSKILLED INDIVIDUALS FOR THE JOBS OFFERED, IT IS EASY TO SEE HOW A COST-CONSCIOUS PRIVATE SECTOR MIGHT CHOOSE THE ALTERNATIVE OF TRAINING INDIVIDUALS WHO ARE NOT UNSKILLED. THEREFORE, IT BECOMES NECESSARY TO FIND WAYS TO REDUCT THE ADDED COST OF TRAINING THE HARD-TO-EMPLOY.

HENCE, THE ROLE OF THE FEDERAL GOVERNMENT IN THIS PARTICULAR SITUATION BECOMES VITAL. IN PARTICIPATING WITH THE PRIVATE SECTOR, THE FEDERAL GOVERNMENT MUST ESTABLISH THAT THESE JOBS BE FILLED BY ECONOMICALLY DISADVANTAGED INDIVIDUALS.

WE CLOSE THIS TESTIMONY BY SPECIFICALLY ADDRESSING TWO QUESTIONS ENTERTAINED BY THIS SUBCOMMITTEE--NAMELY, DO THESE PROGRAMS WORK?...AND, CAN THE DIVERSE SET OF PROGRAMS BE COORDINATED?

IN RESPONSE TO THE FIRST QUESTION--WITHOUT HAVING TO REFER TO THE VOLUMES OF STATISTICS COMPILED ON THE EFFECTIVENESS OF CETA, WE WOULD BE SAFE IN STATING THAT THE MOST EFFECTIVE OF THE CETA PROGRAMS ARE THOSE WHICH ARE COMPREHENSIVE IN THEIR SERVICE OFFERINGS - THAT IS, PROVIDING TRAINING AND JOB PLACEMENT - WHILE SPECIFIC ON WHOM THEY SERVE. EXAMPLES ARE THE LOCAL PROGRAMS IMPLEMENTED BY COMMUNITY-BASED ORGANIZATIONS WHICH HAVE CONSISTENTLY OUTDONE THE NATIONAL AVERAGE IN JOB PLACEMENTS AND TRAINING COST EFFECTIVENESS.

SECONDLY, WITH RESPECT TO THE ISSUE OF COORDINATION, WE RECOMMEND THAT THE FIRST STEP TO BE TAKEN IS TO CHANNEL THE VARIED SERVICES AND PROGRAMS TOWARD THOSE INDIVIDUALS WHO MOST NEED THEM.

IT IS ESSENTIAL THAT THE EMPLOYMENT AND TRAINING EFFORT FIRST COME TO GRIPS WITH IDENTIFYING THE POPULATION TO BE SERVED. IT MUST THEN SEPARATE THOSE ACTIVITIES ASSOCIATED SPECIFICALLY WITH JOB TRAINING AND THOSE ASSOCIATED WITH JOB CREATION. AN AGGRESSIVE JOB CREATION PROGRAM IS MANDATORY; AN EQUALLY AGGRESSIVE JOB TRAINING PROGRAM DESIGNED TO TRAIN INDIVIDUALS TO FILL THOSE JOBS IS LIKEWISE CRUCIAL IN ORDER FOR THIS COORDINATED EFFORT TO SUCCEED.

ON BEHALF OF THE COMMUNITY WHICH WE REPRESENT NATIONWIDE, THANK YOU ONCE AGAIN FOR ALLOWING SER-JOBS FOR PROGRESS, INC., THIS OPPORTUNITY TO PRESENT THIS TESTIMONY.

Senator QUAYLE. Jim Hammond.

STATEMENT OF JAMES M. HAMMOND III, PRODUCT DEVELOPER, INDIANA ASSOCIATION FOR REHABILITATION FACILITIES

Mr. HAMMOND. Mr. Chairman, I am appearing before you on behalf of the Indiana Association for Rehabilitation Facilities, and the 50 facilities it represents throughout Indiana.

My name is James M. Hammond III, and I am the product developer for the association.

Member facilities throughout Indiana serve over 6,000 disabled Indiana citizens annually. As part of over 800 facilities, who are members of the National Association of Rehabilitation Facilities, over 400,000 disabled people nationally receive services in vocational and physical rehabilitation, vocational evaluation, work adjustment, and physical rehabilitation, personal and social adjustment, and transitional or extended employment services.

Indiana ARF is directly involved in employment and training services funded under title VII of CETA, private sector initiatives, and Projects With Industry, funded through the National Association of Rehabilitation Facilities by the Rehabilitation Services Administration of the U.S. Department of Education.

The committee has indicated that the purpose of these hearings is to develop background information before consideration of the appropriate legislative response to the expiration of the Comprehensive Employment and Training Act in 1982.

The committee has included in its exploration of policy issues whether particular groups in the labor force should be the concern of employment policy.

I believe, as do my colleagues throughout the country, that a national employment and training policy, and the system established under that policy, must continue to address the special needs of target populations, especially the handicapped who experience particularly severe disadvantages in the labor market.

In fact, not only should this Nation's employment and training policy concern itself with the needs of the handicapped, but such a policy should express a comprehensive national employment policy for the handicapped.

The Congress has the opportunity to develop such a policy during this International Year of the Disabled.

My statement outlines the elements of a national policy for handicapped Americans.

In considering reauthorization of the CETA program, we recommend that:

One, the 1978 amendments focusing on eligibility and services to handicapped people be retained.

Two, that the prime sponsors be required to address the needs of the handicapped people when developing programs.

Three, we retain the private industry councils and private sector initiative program.

That, title III, special national programs be retained.

No. 5, that section 205, participant assessment, be amended to require coordination of CETA services with services received under the Rehabilitation Act and/or the Education for Handicapped Children Act.

Regarding section 14(c) of the Fair Labor Standards Act, and especially under part 525 of the regulations, there are five types of special certificates that are issued. Under the Fair Labor Standards Act, five types of special certificates are authorized to rehabilitation facilities; one is regular program, work activities center certificate, evaluation, training, and individual rate.

In order to receive a certificate, a workshop or work activity center must meet certain eligibility criteria.

The sheltered workshop or department thereof must meet the regulatory definition of a work activity center, and work activity center clients are required to be physically separated from the regular workshop clients. In addition, a work activity center does not qualify for a special certificate if its average earnings are above a certain level.

These regulations have the effect of decreasing productivity and work opportunities for handicapped people. The regulations require physical separation of work activity clients from regular sheltered workshop clients. This restriction was written into the regulation in 1966, long before the concept of mainstreaming became accepted public policy through section 504 of the Rehabilitation Act of 1973, and other laws. A substantial number of facility managers believe that this requirement inhibits productivity and upward mobility by people in work activity centers.

Regarding wage supplements, individuals who experience severe production limitations frequently depend on their limited earnings and public assistance to maintain some degree of independence.

Frequently, this income fails to provide an ever more expensive adequate standard of living.

The late Senator Hubert Humphrey recognized this serious problem, and introduced the Wage Supplements for Handicapped Individuals Act as an amendment of the Rehabilitation Act of 1973. This bill would have authorized a demonstration wage supplement program.

We urge the subcommittee to explore the idea of such a demonstration program.

Regarding targeted jobs tax credit, the link between rehabilitation facilities and private industry should be strengthened by establishing incentives to invest in handicapped people and participate in the rehabilitation process.

The targeted jobs tax credit enacted under the Revenue Act of 1978, and extended through this year, provides a wage tax credit for employers who hire individuals from seven target groups.

Individuals, who are referred to employers from a rehabilitation program, qualify as one of these target populations.

Although the program has benefited cooperative education students by a far greater degree than other target groups, it has the potential of increasing the employment opportunities of handicapped citizens.

Senator Heinz has introduced Senate bill 1240 to extend the program for 3 years.

Regarding investment tax credits, a major problem experienced by rehabilitation facilities is lack of funds for capital investments.

Programs under the Rehabilitation Act for construction and equipment have not been funded in recent years.

Other programs, such as the community development block grant program, are highly competitive. Few facilities are able to obtain commercial loans at current interest rates.

Section 38 of the Internal Revenue Code allows businesses a tax credit for investment in certain types of property as set forth in sections 46 to 48. We recommend that a similar tax credit be given to businesses when they provide plant and equipment loans to rehabilitation facilities 'and when they subcontract work to sheltered workshops.

Thank you, Mr. Chairman, for this opportunity to present our views.

Senator QUAYLE. Thank you very much, Mr. Hammond, and I might comment that the wage restrictions that you referred to as decreasing productivity and work opportunities for the handicapped people has been of interest to us, and we've requested the Solicitor of Labor to review these regulations, and if corrective measures aren't taken, that we would be forthcoming with legislation.

Since you mentioned that in your testimony, I wanted to tell you that we are working on that right now, and I will be glad to give you further information on it.

Mr. HAMMOND. Thank you, Senator Quayle.

[The prepared statement of Mr. Hammond follows:]

STATEMENT OF JAMES M. HAMMOND III, PRODUCT DEVELOPER, INDIANA ASSOCIATION OF REHABILITATION FACILITIES, INDIANAPOLIS, IND.

I am appearing before you on behalf of the Indiana Association of Rehabilitation Facilities and the fifty facilities it represents throughout Indiana. My names is James M. Hammond III and I am the Product Developer for the Association.

Member facilities throughout Indiana serve over 6000 disabled Indiana citizens annually. As part of over 800 facilities who are members of the National Association of Rehabilitation Facilities, over 400,000 disabled people nationally receive services in vocational and physical rehabilitation, vocational evaluation, work adjustment, personal and social adjustment, and transitional or extended employment services. IN-ARF is directly involved in employment and training services funded under Title VII of CETA, private sector initiatives and Projects With Industry, funded through the National Association of Rehabilitation Facilities by the Rehabilitation Services Administration of the U.S. Department of Education.

The Committee has indicated that the purpose of these hearings is to develop background information before consideration of the appropriate legislative response to the expiration of the Comprehensive Employment and Training Act in 1982.

The Committee has included in its exploration of policy issues whether particular groups in the labor force should be the concern of employment policy. I believe, as do my colleagues throughout the country, that a national employment and training policy and the system established under that policy must continue to address the special needs of target populations, especially the handicapped who experience particularly severe disadvantages in the labor market.

In fact, not only should this nation's employment and training policy concern itself with the needs of the handicapped, but such a policy should express a comprehensive national employment policy for the handicapped. The Congress has the opportunity to develop such a policy during this International Year of the Disabled. My statement outlines the elements of a national policy for handicapped Americans.

1. Implementing A Policy Of Employment For The Handicapped

President Reagan, in proclaiming 1981 as the International Year of the Disabled, referred to this Nation's disabled citizens as one of its greatest untapped resources. Representative Murphy, in addressing the House on June 26 stated that this is the year of hope for the disabled. During this year of economic recovery, we would speak well as a nation of compassionate peoples to initiate a policy leading to the realization of this hope into the fulfillment of a dream - the opportunity to participate in the work-a-day world as a tax paying, fully employed member of this nation's work force; the opportunity to be a part of the recovery of our national productivity; the opportunity to be financially independent of public support be it local, state or federal.

Many have succeeded in the realization of this dream as a direct result of federal programs to aid the handicapped. However, independent programs do not constitute a comprehensive policy for employment. We need such a policy. In the most recent publication of The Employment and Training Report by The President (1980), the Department of Labor's Management Information System reported that 181,680 handicapped persons were served in CETA Programs in fiscal 1979. In no case did the percentage of handicapped individuals served exceed eight percent of all participants across programs. In fact, when all Titles under CETA are reviewed, these 181,680 individuals represent only 4.5 percent of the more than 4 million people served in DOL Programs.

There have been impressive gains in public policy and awareness in the past decade. Protection of civil rights of handicapped people has been advanced by Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against handicapped people in any federally assisted activity, and section 503 which prohibits discrimination against handicapped people in employment by most federal contractors.

The Bill of Rights sections of the Developmental Disabilities Act and a similar provision in the Mental Health Systems Act provide Congressional guidelines for the rights of institutionalized individuals. The Small Business Administration through its Handicapped Assistance Loan program has provided the monies for handicapped entrepreneurs to not only put their skills to work but become a member of the small business community. The HAL program has also provided monies for facilities employing the handicapped to expand employment opportunities. For facilities providing sheltered employment, the Javits-Wagner-O' Day program and State Use laws have provided additional employment opportunities, including employment for individuals with severe disabilities, through the acquisition of government contracts for goods and services including the assembly of complex electronic units for missile systems. Community Development Block grants for facilities through the Department of Housing and Urban Development, programs funded under the Vocational Rehabilitation Act, and multiple services provided through CETA have created new opportunities for the handicapped.

Despite these significant gains, handicapped individuals and rehabilitation facilities are dependent on a maze of federal programs which operate independently of each other, each with its unique set of funding requirements, regulations and documentation demands. The quirks found in these systems in addition to frequent changes in social security programs and other public assistance programs make it difficult for handicapped citizens, especially those who are severely handicapped and unskilled, to balance the requirements of daily living with the search for employment.

The challenge of the next decade is to mold these many programs into a comprehensive national employment policy.

To the maximum extent possible, disabled people should have the opportunity to hold jobs in competitive employment. People who are limited in their ability to maintain competitive employment should be able to obtain sheltered employment. Such employment opportunities should be stable and adequately compensated. For many individuals who are severely disabled, rehabilitation facilities are not a medium of transition, but the employer of last resort.

Recommendations

The following recommendations are offered to the subcommittee for consideration of a national employment and training policy for handicapped people:

1. Comprehensive Employment and Training Act

The Comprehensive Employment and Training Act provides funds to prime sponsors and private employers to provide employment and training services to special target populations. Prior to the 1978 Amendments, many prime sponsors gave only minimal consideration to handicapped people or rehabilitation facilities. The accepted view reasoned that this particular population had a low probability of success and would require disproportionate funding. A Department of Labor publication - Work Life magazine - stated in May of 1977 that only 4% of all people enrolled in Title I programs and 2.8% in Public Service Employment programs were handicapped. The article went on to state,

> "Despite their great need for employment and training assistance, Americans with physical and mental handicaps received a relatively small share of CETA services."

In an effort to improve employment and training services to handicapped citizens, the Congress amended the Act in 1978. The Act was amended to:

1. include rehabilitation facilities in the definition of community based organizations;
2. include sheltered workshop clients in the definition of unemployed;
3. revised the definition of economically disadvantaged to recognize the low income of most handicapped people;
4. prohibit discrimination based on handicap;

5. revise prime sponsor planning requirements to include a description of services and goals for handicapped people;
6. require prime sponsors to establish an affirmative action program for handicapped people; and
7. provide training and education for personnel working with the handicapped.

These changes have resulted in improved services for handicapped people and increased instruction between prime sponsors and rehabilitation facilities in the realization of employment for those they serve.

However, the full realization of services for all eligible handicapped people is yet to be achieved. A 1980 GAO report, titled, Need To Ensure Nondiscrimination in CETA Programs, noted that:

"At 2 of the 10 sponsors, no handicapped persons were enrolled, (in OJT), although 3.6 and 2 percent, respectively, of the unemployed were handicapped. At seven of the remaining eight sponsors, the handicapped were underserved. For example, at one prime sponsor, the handicapped participation rate was 3 percent and their unemployment rate was 7.5 percent." page 8

"We also found disparities in the extent to which handicapped persons were receiving PSE jobs, although on a much smaller scale. At two of the eight sponsors, the handicapped were receiving 2 percent or less of the PSE jobs, even though they accounted for 3 to 5 percent of the applicants. For example, at one sponsor 5 percent of the applicants were handicapped." Page 9

"The handicapped and people age 45 and older encountered different problems. Several sponsor officials told us that they made no conscious effort to develop OJT programs for the handicapped because they did not consider that CETA was designed to serve such individuals. As a result, the development of OJT positions, such as auto mechanic and machinist, make it difficult for individuals with significant physical handicaps to participate. Furthermore, many employer locations are not accessible to the handicapped." page 19

In considering reauthorization of the CETA Program, we recommend that:

1. the 1978 amendments focusing on eligibility and services to handicapped people be retained;
2. prime sponsors be required to address the needs of the handicapped people when developing programs;
3. retain the Private Industry Councils and Private Sector Initiative Program.
4. Title III, Special National Programs be retained. This title authorizes national employment and training programs to people who face special disadvantages in obtaining employment. This group includes the handicap. Funds under this title have supported several highly successful programs including a national on-the-job training program specifically for handicapped people. Under this program rehabilitation facilities train handicapped people for later employment.
5. Section 205, Participant Assessment, be amended to require coordination of CETA services with services received under the Rehabilitation Act and/or the Education for Handicapped Children Act;

IV. Section 14(c) Fair Labor Standards Act

Since 1938, the Fair Labor Standards Act has included provisions allowing the Secretary of Labor to issue certificates allowing employment of the handicapped workers at wages lower than the statutory minimum. The FLSA Amendments of 1966 set a floor on the amount to be paid handicapped workers of not less than 50% of the higher of the statutory minimum wage or wages commensurate with those paid non-handicapped workers in industry in the vicinity. In addition, the 1966 amendments also provided for certificates for individuals at less than 50% of the applicable minimum wage, for handicapped individuals who are performing work incidental to training and evaluation programs, or for handicapped workers whose earning capacities are so severely impaired that they are unable to be employed in competitive jobs or if they are employed in a work activities center.

The Department of Labor issued regulations reestablishing the terms and conditions authorizing lower minimum wages for handicapped workers employed in competitive industry and in sheltered workshops. They are found at 29 CFR Part 524, Special Minimum Wages for Handicapped Workers in Competitive Employment and Part 525, Employment of Handicapped Clients in Sheltered Workshops. Under Part 525, five types of special certificates are issued: regular, work activities center (WAC), evaluation, training and individual rate. In order to receive a certificate, a workshop or work activity center must meet certain eligibility criteria. In determining whether to issue a certificate, the DOL will consider the several criteria pertaining to competition with commerce, wages paid, services available and disabilities of individuals in the workshop. Once issued a certificate, a workshop may pay lower than the statutory minimum for the effective period of the certificate.

In order to receive a WAC certificate, the sheltered workshop or department thereof must meet the regulatory definition of WAC. WAC clients are required to be physically separated from the regular workshop clients. In addition, a WAC does not qualify for a special certificate if its average earnings are above a certain level.

These regulations have the effect of decreasing productivity and work opportunities for handicapped people. The regulations require physical separation of WAC clients from regular sheltered workshop clients. This restriction was written into the regulation in 1966 long before the concept of mainstreaming became accepted public policy through Section 504 of the Rehabilitation Act of 1973 and other laws. A substantial number of facility managers believe that this requirement inhibits productivity by and upward mobility by people in work activity centers.

Facilities holding both types of certificates should be permitted to integrate less productive and more productive workers when the results will be higher productivity and wages. We do not propose to eliminate work activity centers, but rather to allow facilities flexibility in working with WAC clients in helping them achieve higher wages and their rehabilitation goals.

III. Wage Supplements

Individuals who experience severe production limitations frequently depend on their limited earnings and public assistance to maintain some degree of independence. Frequently, this income fails to provide an ever more expensive adequate standard of living. The late Senator Hubert Humphrey recognized this serious problem and introduced the wage supplements for Handicapped Individuals Act as an amendment of the Rehabilitation Act of 1973. The bill would have authorized a demonstration wage supplement program. We urge the Subcommittee to explore the idea of such a demonstration program.

IV. Targeted Jobs Tax Credit

The link between rehabilitation facilties and private industry should be strengthened by establishing incentives to invest in handicapped people and participate in the rehabilitation process.

The targeted jobs tax credit, 26, USC 51 enacted under the Revenue Act of 1978 and extended through this year, provides a wage tax credit for employers who hire individuals from seven target groups. Individuals who are referred to employers from a rehabilitation program qualify as one of these target populations. Although the program has benefited cooperative education students by a far greater degree than other target groups, it has the potential of increasing the employment opportunities of handicapped citizens. Senator Heinz has introduced S.1240 to extend the program for three years.

V. Investment Tax Credits

A major problem experienced by rehabilitation facilities is lack of funds for capital investments. Programs under the Rehabilitation Act for construction and equipment have not been funded in recent years.

Other programs, such as the Community Development Block Grant Program, are highly competitive. Few facilities are able to obtain commercial loans at current interest rates.

Section 38 of the Internal Revenue Code allows businesses a tax credit for investment in certain types of property as set forth in Sections 46-48. We recommend that a similar tax credit be given to businesses when they provide plant and equipment loans to rehabilitation facilities and when they subcontract work to sheltered workshops.

IV. Individual Tax Relief

A portion of handicapped people although able to participate in employment may be physically incapable of completing daily household chores and therefore hire assistants to care for many life functions. This represents an additional expense directly incurred as a result of employment. We recommend that the tax code be amended to:

1) Qualify disabled workers under an amended version of Section 44A of the Tax Code to receive tax credit for household and dependent care expenses related to employment. Representative Shelby proposed these amendments in the 96th Congress as HR 8237.

2) Provide an individual withholding exemption and deduction for all disabled people similar to that allowed to vision impaired individuals.

VII. Urban Job and Enterprise Zone Act

The Congress has under consideration legislation which would establish an entrepreneurial climate in central city neighborhoods through the establishment of tax incentives for small business. Such activity could provide employment for handicapped residents of the central city. This proposed legislation is found as HR3824.

Thank you, Mr. Chairman, for this opportunity to present our views.

Senator **Quayle**. Ms. Kelly, I was struck by your—I think you called it—feminizing of the poverty cycle.

Ms. **Kelly**. The phrase that's being used is "feminization of poverty."

Senator **Quayle**. Feminization of poverty, OK. I misquoted you. I mispronounced your name, and I misquoted you.

Ms. **Kelly**. I still like you. [Laughter.]

Senator **Quayle**. Now, is this a problem in jobs and training, or is it a problem of family breakup?

Ms. **Kelly**. It's a complex, societal issue, which I would love to talk with you about in great detail.

Senator **Quayle**. Well, sometime we'll do that.

How about for the record, because I was struck by the phrase "the feminization of the poverty cycle." I think it definitely has a lot of implications, and I would like to know what those implication are; is this a jobs and training problem, or is it more of a family break-up problem?

Ms. **Kelly**. It's both.

Senator **Quayle**. And maybe, as you said, it's both, and you can't really answer that.

Ms. **Kelly**. It's also a level of economics here in this society which is changing our expectations for a lot of things, but I think, simply, there have always been women who have been poor, and, many of those women have been supporting families. We set up the welfare system, in fact, to deal with that issue. And we are, in our contemporary society, looking at ways to reduce some of the welfare problems, to get women back, or to get people back into a more productive mode, to help them find ways to bring themselves to a level of self-sufficiency.

But, as we look at the opportunities for women, we have to recognize that wages have tended to develop around economic needs. For example, teacher's salaries for years have been lower than many other professional jobs. Many men believe—and I used to teach, so I have some understanding of this—because women haven't been willing to strike and lobby for higher wages—higher salaries were not required.

We have categorized women who work as working for pin money, yet the Bureau of Statistics at the Women's Bureau suggests that 70 percent of the women, who are working, are working because they have family income needs that are not being met, that, in fact, if men are present in the family to help support; they are, earning less than $10,000 a year.

So, 70 percent of the women who went to work, went to work because they had to earn money.

And, yet, what they recognized is, that they had to pay child care, or provide for their children in some way. There were additional expenses linked with a woman going to work; a new wardrobe, that kind of thing. And the job options tended to be in a low-paying category, because the tradition had been that women didn't need to work.

The tradition, probably, has been unrealistic for years. But, it's only recently that we have acknowledged it.

Women are also vulnerable right now in society because marriages are ending right and left. Some people would say that marriages are ending because women are going to work. I find that hard to accept.

I know, personally, that my marriage is richer as a result of the fact that I have something more to do than dishes and vacuuming.

That could be a long, philosophic discussion.

I guess what I'm accepting is that, as women are needing to go to work, because other support systems are going away, and because our society has become so affluent, that we have felt needs that we want to meet for our children. Further training is needed. The money in the traditional women's jobs is not sufficient; programs, like CETA, have, in fact, served to provide new training opportunities. Approximately 40 percent of the people who are served by CETA are women; however, 67 percent of all women are eligible.

So, our society has tended to overlook these needs, and one of the fears that I have about localization of funding is that we will continue to pretend to ourselves that this retraining and barrier breaking isn't a need, and not address it.

Senator QUAYLE. OK. Thank you very much.

Mr. Finkle, is the training of veterans, a VA responsibility or a Department of Labor responsibility?

Mr. FINKLE. It depends on the veteran and his eligibility.

In this instance, most Vietnam veterans period of eligibility for the GI bill has passed. They were not able to use it in many cases because of economic circumstances.

So, in many cases, Vietnam veterans got out of the service, took marginal employment, and their time for GI bill eligibility has now passed.

So, after that, I think it becomes a Department of Labor responsibility, especially since this is one that they haven't addressed since the end of the Vietnam war.

Senator QUAYLE. Do you think we can merge the two?

Mr. FINKLE. Well, that's hard to say, primarily, because we haven't really seen what's going to happen when the new position for the head of Veterans' Employment Service gets finally appointed, if ever; the Assistant Secretary of Labor for Veterans' Employment, recently upgraded by public law.

That was supposed to correct a lot of inequities that were in place in the Veterans' Employment Service, primarily, that we had an Assistant Secretary that had about three different departments reporting to full Assistant Secretaries. We had a Deputy Assistant Secretary who was theoretically responsible for three departments that were reporting to other Assistant Secretaries of Labor.

So, he had no control. He couldn't even coordinate. He could only kind of monitor in an indirect manner.

I would want to see how the new Assistant Secretary works out, before I would want to merge things, especially since you would have many duplications, and, to a certain extent, you would pull the Veterans' Employment Service, and, subsequently, local veterans employment representatives, and disabled veterans outreach persons, away from the resources of ES. Even though they don't do a particularly good job of serving Vietnam era veterans, they are better than nothing.

Senator **Quayle**. Mr. Gonzalez, if I can quote Ms. Tyler, if there were flexible formulas for a mandated service, would you be in favor of that?

Mr. **Gonzalez**. Flexible—what was that?

Senator **Quayle**. Flexible formula for a mandated service.

In other words, do you think that we ought to, at the Federal level, establish some sort of a guidance—to quote Ms. Tyler?

Mr. **Gonzalez**. Yes, I do.

Senator **Quayle**. Ordinance from the Federal level, rather than leaving this completely to local discretion for targeted groups of our society that, perhaps, historically, have not been serviced on any kind of pro rata basis.

Mr. **Gonzalez**. I submit to you that there should be some type of guidelines from the Federal level. As you recognize, the Federal involvement came about because localities, States, and so forth, did not take their duties seriously, and either they would not or could not provide services and so forth to various segments of the population, and that includes other services, such as welfare, and so forth. I think that's why Federal involvement came about.

What I'm saying now is, yes, there should be some guidelines from the Federal level.

Senator **Quayle**. Mr. Hammond, what is the appropriate role for vocational rehabilitation, and what is the role of employment and training? Do you see those as separate roles as we have now, or are they compatible to be consolidated? What are their independent roles and structures, from your view?

Mr. **Hammond**. Well, I feel that, in my opinion, that with the Vocational Rehabilitation Act of 1973, and its amendment in 1978, with the Comprehensive Employment and Training Act, there should be a coordination of effort, so that there is a continuity in service, but not a breakdown in service.

Handicapped individuals, specifically, need to have a chance to experience the best from all, but until you have the coordinated, national employment policy for the handicapped, you're going to have a lot of fragmented services and duplication of effort.

And, so, in my opinion, I feel that either there should be a national policy on employment for the handicapped, taking into consideration vocational rehabilitation amendments and the CETA amendments.

Senator **Quayle**. OK. I want to thank this very distinguished panel for their input. Thank you for coming and participating, and look forward to working with you in the future.

Our last panel, from Hampton Associates, C. Lee Crean; from the Community & Economic Development Association of Cook County, Edward Schenk; National Association of Personnel Consultants & State Affiliates, Barry R. Nieman; and we have already heard from Clyde Brooks, who is from the Southern Christian Leadership Conference; and from our Urban League here in Indianapolis, Sam Jones.

What does the C stand for?

Mr. **Crean**. Charming.

Senator **Quayle**. Charming?

Mr. **Crean**. You ask for it, you get it.

Senator **Quayle**. First on my list, is Charming Lee Crean, president of Hampton Associates, Inc., Indianapolis, Ind.

Go ahead and proceed.

STATEMENT OF C. LEE CREAN, PRESIDENT, HAMPTON ASSOCIATES, INC., INDIANAPOLIS, IND.

Mr. **Crean**. Thank you very much.

I am grateful for the opportunity to discuss the subject which has consumed most of my waking hours for the past 16 years in preparation for those for whom circumstances have ordained an otherwise bleak future to become fully competitive in the labor force, and has been the most rewarding profession one could ever hope for.

I spent these years, first, as a community action agency director in the 1960's; then as an assistant to Governor Whitcomb, and as the State's civil rights commission director in the early 1970's; as the director of the State's CETA program until 1977; and, now, as the principal in a private firm, which conducts programs for CETA prime sponsors.

I have participated actively in the evolution of the country's employment/training policies from MDTA, and OEO, through EEA, NAB/JOBS, and CAMPS, to CETA, and, I suppose, I'll continue through 1983 and CETA II, or Son of CETA.

Those years have been exciting ones, and I have witnessed a goodly number of small human miracles, which could not have happened without the employment training programs.

I'm going to skip over a number of things that are too long to talk about, but what they said was, essentially, that here, in Indiana, I am very proud of what the CETA program has done. There are millions, or, at least, many, many thousands of people in this State who are better off for the CETA program having happened.

I think there has been an extraordinarily dedicated group of people who have been running those programs at the local level, and I think that some mention of that has to be made.

I think I'd also like to make some comments about fraud and abuse. Considering the fact that there are more than 475 prime sponsors in this country who have spent, perhaps, $75 billion since CETA was enacted, I suspect that widespread abuse is mostly mythical, and that fraud, which is a criminal offense, has occurred no more often in CETA than in the banking business.

One substantive issue, however, which is a touchy one for most local officials I know, is whether employment and training programs should be equipping participants for skills which are useful primarily outside of their local area.

In other words, should we be training people to leave their communities and seek work elsewhere.

I believe it's a cruel hoax to tell people, whose job needs are immediate, that some long-term economic development activity is going to cure the 9 or 10 percent local unemployment rate, and that they will live happily ever after in good old Indiana.

Even if those efforts are successful, and I sincerely believe that they will ultimately be, the results are too far in the future to help those who can't support their families today and tomorrow. We cannot allow boosterism to deny a productive future to those who are traditionally the least mobile members of society.

It also occurs to me that we should begin to view our trainees not as charity cases, but as mature, potential workers, who can, with a minimal amount of support, become economically self-sufficient and productive members of society.

I believe that the current CETA stipend provisions have just the opposite effect.

After 15 years as a staunch supporter of those allowance payments, I have come to the unhappy realization that we are simply perpetuating dependency in too many of our clients.

I'm absolutely convinced that if we continue this mandatory payment of allowances or keep on providing supportive services as some sort of absolute entitlement, we will simply perpetuate the participants' dependence upon the system, and make it more difficult for them to break out of that cycle.

Please don't misunderstand me now. I know that we cannot expect an individual to participate in employment training with no way to support himself or his family. I propose that we be a little more creative, however, and offer our services at times which would allow a trainee to participate and still hold a part-time job, or be able to utilize employed family members as babysitters, and so on. This places an increased burden on the trainee, I realize, but, certainly, no greater burden than that faced by the thousands of low-income college students who must work long and hard to supplement their BEOG assistance.

I suggest that we begin to look at CETA as something of a scholarship program, which provides the cost of training, and, if necessary, supportive services, but not a wage or allowance. The program could even assist applicants to locate part time or other supplemental employment, if necessary.

One cannot mention trainee self-help and motivation, however, without citing the very successful 7001 program for youth, which pays no stipends, and the early OIC programs, which were also highly successful without stipends. They must have some secret formula from which all of us can learn.

I would like to direct some comments to the issue of program linkages, to coin a good bureaucratic term. First, let me speak of the employment service, that perpetual whipping boy for all good CETA administrators. In my view, the employment service should provide that service for which it was originally created; matching available workers with available jobs. That sounds simple, but if you review the record, you will see that the ES was asked to deliver every conceivable employment activity through nearly four decades, until CETA came along to take on some of the burden. If ever an agency had the right to be schizophrenic, ES certainly had that right.

I would hope that, in your deliberations on CETA, you can also take a long look at the Wagner-Peyser Act, and, perhaps, create a hybrid which will make best use of each of these strong systems.

Whether, in your wisdom, you determine that a merged system would be more effective, or whether you simply define the roles and areas of coordination more specifically, is not as important as your looking carefully at the two pieces of legislation at the same time and in a common context.

The Vocational Education Act must also be reenacted during the next session. I hope that this subcommittee will coordinate its efforts on CETA reenactment with those of Senator Stafford's Subcommittee on Education, to bring about a legislative package which maximizes the value of each of these programs for the disadvantaged youth of this country.

I don't want to belabor any points, but I do want to talk about, just for a moment, the business coordination thing. There are many, many exciting examples of local business and school cooperation, including our local Partners in Education programing. Nonetheless, there are still great barriers to the growth of this concept, and I urge the subcommittee to give careful attention to the removal of those barriers.

As you can probably tell, Mr. Chairman, I could go on at much greater length about the wonderful potential we have, but let me simply request that you and your colleagues look very, very closely at the partnership possibilities between CETA, the employment service, the schools, and, most important of all, the business sector.

Don't look for simple solutions. God knows we don't need any more councils. But I do think there are many, many areas in which these could be merged.

I would like to see a return to the early days of CETA when it was possible to be truly creative and still be funded. I hope that day is not forever past.

Let CETA concentrate on the most in need, help the schools to offer meaningful vocational training to those students who have the fortitude to stay in school, and give all of us a system in which we can utilize the enormous, untapped potential of our local businesses, without making them change their essential profitmaking character in order to become partners.

Thank you, Senator, for allowing me the time, for your attention, for the very helpful and cordial treatment of your subcommittee staff, by the way. They were unusual in their help to me, and I think it ought to be noted that that was true. I hope that we will get a chance to talk again on the subject.

Senator QUAYLE. Thank you for your creative testimony, that may get funded. [Laughter.]

[The prepared statement of Mr. Crean follows:]

STATEMENT OF C. LEE CREAN, PRESIDENT, HAMPTON ASSOCIATES, INC., INDIANAPOLIS, IND.

Mr. Chairman, I am grateful for this opportunity to address the committee on a subject which has consumed most of my waking hours for the past sixteen years. The preparation of those for whom circumstances have ordained an otherwise bleak future to become fully competitive in the labor force is the most rewarding profession that one could hope for. I spent these years first as a community action agency director in the '60s, then as an Assistant to Governor Whitcomb and as the State's Civil Rights Commission Director in the early '70s, as the Director of the State's CETA Program until 1977 and now as the principal in a private firm which conducts programs for CETA prime sponsors. I have participated actively in the evaluation of the country's employment/training policies from MDTA and OEO, through EEA, NAB/JOBS, and CAMPS, to CETA and, I suppose, I'll continue through 1983 and CETA II, or Son of CETA. Those years have been exciting ones and I have witnessed a goodly number of small human miracles, which could not have happened without the employment training programs.

In all of those years, one thing was consistent. A large number of people thought the money was being wasted. That critical undertone reached its peak, of course, when every nay-sayer in the country joined the gleeful chorus to condem the Public Service Employment Program, which they simply labeled "CETA".

I'd like to begin my testimony by taking just a moment to tell you and the subcommittee about the CETA program in Indiana. I wish I could have around me at this table the tens of thousands - yes, tens of thousands - of Hoosiers whose lives are far better today because CETA existed. Those little miracles happened because a truly dedicated group of professionals, many of whom have been on the job since CETA's inception, have had the fortitude to continue in spite of uncertain, and always late, funding; in spite of confounding, often conflicting, and always increasing paperwork; in spite of condemnation from the Right and Condescention from the Left; in spite of largely unfounded charges of "fraud" and "abuse"; and in spite of more public ridicule than any public servant should have to endure.

Yes, Senator, I think that CETA has done what it was asked to do, and probably more than it should have been expected to do, and it worked pretty well because of the dedication and tenacity of the Prime Sponsor directors and their staffs. Of course there were problems. No effort of such magnitude, which involved so many participants and so many service deliverers could operate flawlessly. But the CETA Prime Sponsors were never allowed the luxury of an "error rate" such as that enjoyed by the welfare departments. No, every mistake was noted in that great CETA scorecard in the regional office, and brought back regularly by the media.

As a final comment, let me remind the subcommittee that CETA was originally enacted in 1973 primarily as a training program. Only during the 1974 recession did it's public employment sections begin to overshadow its training mission. Even then, there was no mandate to provide anything more than temporary employment to those who could find no other work. There was no mention of training for these public workers, and no absolute mandate that they be anything more than simple unemployed. I'm sure you can understand our chagrin when the media, and then Congress (it often seems to follow that sequence), began to criticize the CETA system for not training the PSE workers and for not hiring enough economically disadvantaged folks. In the 1978 amendments, Congress did insert language to require both of those commendable goals, but only after the program had been condemned for not doing something it had never been told to do.

It was also about 1978 when the Department of Labor, in typical kneejerk reaction to Congressional questions, began its quixotic quest for those twin CETA demons, Fraud and Abuse. Considering the fact that there are more than 475 Prime Sponsors in this country, who have spent perhaps $75 billion since CETA was enacted, I suspect that widespread abuse is as mythical as a fire-breathing dragon and that fraud, which is a criminal offense, has occured no more often in CETA than in the banking business.

CETA, then, has played a valuable role in preparing many of our neighbors for meaningful employment. Does that make it a cornerstone for a national employment policy? I doubt it, and I hope that it will never be asked to assume any such burden. It seems to me that a national policy should prescribe not only the means to create a prepared and productive work force, but to insure that there will be ample employment opportunities to absorb those workers. Certainly CETA cannot create jobs, other than through public service employment. It can, however, provide remedial training for those who have not profited from the existing community institutions and retraining for those whose occupations have been bypassed by progress. If you will let it, it will perform those tasks very well, but it cannot, and should not be asked to, deliver every sort of employment program that Congress envisions.

As a matter of fact, I think everyone would be pleasantly surprised by what CETA prime sponsors could do if they were given a multi-year funding cycle, such as education agencies enjoy, and if both Congress and the Department of Labor would promise that, for just two years, they would not add to, subtract from, or change priorities within, any of the program. I believe that Bill Mirengoff, the distinguished spokesman for the Bureau of Social Science Research, recently testified before this subcommittee regarding the adverse effect that constantly changing priorities have had upon the management of CETA programs. I would hope that some progress might be made in this area.

Another issue, which is a touchy one for most local officials, I know, is whether employment and training programs should be equipping participants for skills which are useful primarily outside of their local area. In other words, should we be training people to leave their communities and seek work elsewhere? I believe that it is a cruel hoax to tell people whose job needs are immediate that some long-term economic development activity is going to cure the 9% or 10% local unemployment rate and that they'll live happily ever after in good old Indiana. Even if those efforts are successful, and I sincerely believe that will be, the results are too far in the future to help those who can't support their families today or tomorrow.

I was in Dallas and Houston recently and, by sheer chance, met several Hoosiers who have moved to Texas during the past two years. These were working-class, non-professional folks who told me, without exception, that they were able to find not one, but several jobs within days of their arrival. That tells me, in a graphic fashion, that we had better begin to think about preparing at least the marginal segment of our Northeastern and Midwestern work force to relocate to locations where jobs are more plentiful. We cannot allow boostesism to deny a productive future to those who are traditionally the least mobil members of society.

It also occurs to me that we should begin to view our trainees not as charity cases, but as mature potential workers who can, with a minimal amount of support, become economically self sufficient and productive members of society. I believe that the current CETA stipend provisions have just the opposite effect. After 15 years as a staunch supporter of those allowance payments, I have come to the unhappy realization that we are simply perpetuating dependency in too many of our clients. Our firm currently operates several placement assistance programs for local prime sponsors and the supportive services portion of the migrant worker program here in Indiana. My observation is that we are using stipends more as a bribe for participation or as a reward for attendance than to meet a need which could not be met in another way. The obvious fear is that if you fail to provide the bribe, the participation will fail to materialize or if you deny the reward, attendance will diminish. Under the current system, both of these fears are probably justified. I am absolutely convinced, however, that if we continue this mandatory payment of allowances, or keep on providing supportive services as some sort of entitlement, we will simply perpetuate the participants' dependency upon the system and make it more difficult for them to break out of that cycle.

Please don't misunderstand. I know that we cannot expect an individual to participate in employment training with no way to support himself or his family. I propose that we be a little more creative and offer our services at times which would allow a trainee to participate and still hold a part-time job, or be able to utilize employed family members as baby-sitters. This places an increased burden on the trainee, but certainly no greater burden than that forced by the thousands of disadvantaged college students who must work long and hard to supplement their BEOG assistance. I suggest that we begin to look at CETA as something of a scholarship program, which provides the cost of training, and of necessary supportive services, but not a wage or allowance. The program could even assist applicants to locate part-time or other supplemental employment, if necessary.

When I stopped by the CETA program in Elkhart County recently, it was well after 6:00 p.m. and I was surprised to be invited by the director, Don Baldridge, to visit their assessment center at that late hour. He explained that their staff is split into two shifts, one of which works with clients who can come during the normal work day and another with those who can attend more easily after 5:00 p.m. Since this is not a training segment, they receive no allowances, and he requires promptness and regular attendance or the applicant is terminated. During my visit, which was entirely unexpected by anyone in Elkhart, I saw at least 25 persons engaged busily in a variety of assessment and orientation activities, and, I repeat, each was there on his/her own time, in the evening, with no promise they would ultimately even be accepted into a training program. I am finally convinced that this phenomenan can be replicated throughout the CETA system and that the result will be more motivated participants who will be proud of their own initiative and contribution.

One cannot mention trainee self-help and motivation without citing the very successful 70,001 program for youth, which pays no stipends and the early OIC programs which were also highly successful without stipends. They must have some secret formula from which all of us can learn.

I would like to direct some comments to the issue of program linkage, to coin a good, bureaucratic term. First let me speak of the Employment Service, that perpetual whipping boy for all good CETA administrators. In my view, the Employment Service should provide that service for which it was originally created - matching available workers with available jobs. That sounds simple, but if you review the record, you'll see that the ES was asked to deliver every conceivable employment activity through nearly four decades, until CETA came along to take on some of the burden. If ever an agency had the right to be schizophrenic, ES certainly had that right. I would hope that, in your deliberations on CETA, you can also take a long look at the Wagner-Peyser Act and perhaps create a hybrid which will make best use of each of these strong systems. Whether, in you wisdom, you determine that a merged system would be more effective, or whether you simply define the roles and areas of coordination more specifically is not as important as your looking carefully at the two pieces of legislation, at the same time and in a common context.

The Vocational Education Act must also be re-enacted during the next session. I hope that this subcommittee will coordinate its efforts on CETA reenactment with those of Senator Staffords' Subcommittee on Education to bring about a legislative package which maximizes the value of each of these programs for the disadvantaged youth of this country. I have been a long time observer of vocational education in this state and, indeed, a strong supporter of it. Sadly, however, I must admit that I am coming to agree with the view of Dr. Bernard Anderson, the distinguished black economist from the Wharton School, who is currently serving with the Rockefeller Foundation. In a recent address to the National Urban Coalition, Dr. Anderson stated that, if the Vocational Education Act was introduced without a massive overhaul of its present provisions, he would prefer that it be allowed to lapse. Dr. Anderson is not opposed to Vocational Education, nor am I. We both are, however, opposed to such a disproportionate share of the dollars being devoted to home economics, which is largely devoted to handy domestic skills. Such skills would undoubtedly be valuable for all young women and men, but they can hardly be called vocational skills. I also suspect that we are both opposed to the significant emphasis on vocational agriculture, when that field has become more and more mechanized and employs increasingly fewer young people. I am sure that we are strongly opposed to the major degree of sex stereotyping in vocational programs, as well as to the fact that so few Black and Hispanic students seem to participate in vocational education.

Mr. Chairman, we need vocational training for the young people of this country but we must insist that such training be related to real jobs and that is be concentrated upon those who, without such help, are finding it increasingly difficult to enter the mainstream of American economic life.

To begin with, we must remove the rigidity from these programs. Several years ago, my son was enrolled in a Power Mechanics Course in a local high school. That class never really met because there was no certificated vocational teacher available at the time. When I called the Education Center to ask why, I was told that Indiana's major teacher training institution had graduated only five vocational teachers that past year and the local schools didn't get any of them. Now, I don't intend any criticism either of our local schools or of the colleges, but I must ask why, in power mechanics, it is so important for the instructor to be a college-educated, licensed teacher. Historically in this country, occupational skills have been handed down from craftsmen to apprentices. Local businesses know who their good instructors are and, if asked, could probably supply the names of many retired or disabled men and women who are expert in a variety of needed skills. These people could not only solve the vocational teacher shortage problem in the short run, but could, in cooperation with local businesses and related trade groups, make training available in many critical skill areas where equipment is either too expensive, or too quickly becomes obsolescent.

I recall that, serveral years ago when I chaired the Indianapolis Public Schools' Advisory Committee on Cooperative Office Education, I received several calls from high school business teachers asking if I would urge the school administration to purchase word processors. I did so, and IPS did indeed buy several units - very expensive items at that time. Unfortunately, they could not afford enough units for each school, and the units they did buy I'm sure are already obsolete. In a similar vein, I remember attending a session in 1968, in South Bend, where the virtues of the proposed Area Vocational Centers were being extolled. One of the selling points for these consolidated centers was that computer training could be offered because the larger school could afford a training computer, while the individual local schools could not. The irony was that the session was being held in John Adams High School, which was directly across the street from the Associates Investment Company's Computer Center, in which the business of its 700 local offices was being continually processed. I'm not sure of the practicality of Associates being asked to assist in the training of local high school youngsters, but it certainly would have been worth asking.

I don't want to belabor the point, Senator, but I do want to urge you as strongly as I can to include whatever provisions are necessary, both in the employment and training legislation and in vocational education legislation, to enable an imaginative and efficient use of every possible community resource, including the private sector, for vocational education. I am sympathetic with the traditional opposition by the labor unions to subsidized training by private employers, and there must be safeguards to prevent trainees from displacing regular employees. However, I can tell you from first hand experience that training a youngster, or many adults for that matter, on the job is not a profitable undertaking. Indeed, it is usually an expensive task, which is only undertaken by those with a real commitment to education and training.

There are many, many exciting examples of local business/school cooperation, including our local Partners in Education program. Nonetheless, there are still great barriers to the growth of this concept and I urge the subcommittee to give careful attention to the removal of those barriers.

I cannot leave the subject of youth programs without a few comments on the Summer Youth Program. I have long believed that the Summer Program was not really so much a training program as it was an income maintenance program. I recognize that, in many cases, prime sponsors have managed to insert some career exposure elements. Nevertheless, I believe that many of the youngsters would benefit far more from summer-long vocational skills training, or honest-to-goodness vocational exploration, than they do from the overstaffed cleanup/paint-up/fix-up projects they currently perform. I submit that this sort of work experience instills negative habits, which will ill serve these young men and women when they are in the true job market. They would be far better served by a tightly structured, intensive training program. CETA currently makes such vocational programs very difficult to fund, and I suggest that your subcommittee take a long look at this, and other issues which have kept the summer program from anything more than a short term public service employment, the vocational benefits of which are, at best, questionable.

As you can probably tell, Mr. Chairman, I could go on at much greater length about the wonderful potential that we have in our employment, training and education programs. In closing, however, let me simply request that you and your colleagues look very, very closely at the partnership possibilities between CETA, and the Employment Service, the schools and, most important of all, the business sector. Don't look for simple solutions, like forming another council. God knows, with a CETA Advisory Council, a Youth Council, a Private Industry Council, an ES Advisory Council, a Voc-Ed Council and a Career Ed Council, our staff directors have full time jobs calling and attending meetings and distributing minutes, and all for very little meaningful impact. No, simply mandating coordination won't work. Everyone wants to be the coordinator, and no one wants to be the coordinatee. Instead, I believe that the programs must actually be merged in some areas and, in some others, left entirely to local community discretion. While I cannot agree that there is much difference in being poor in one community or another, the dynamics of community institution certainly are different, and there must be more acceptance of the fact than we have seen to date, either from Congress or from the Department of Labor.

I would like to see a return to the early days of CETA, when it was possible to be truly creative and still be funded. I hope that day is not forever past.

Let CETA concentrate on the most in need, help the schools to offer meaningful vocational training to those students who have the fortitude to stay in school, and give all of us a system in which we can utilize the enormous untapped potential of our local businesses without making them change their essential profit-making character in order to become partners in this crucial undertaking.

Thank you, Senator Quayle, for allowing me this time for your attention, and for the very helpful and cordial treatment of the subcommittee staff. I hope I will be given future opportunities to converse with all of you, because I have by no means exhausted my thoughts on the issues involved in this complex and crucial subject.

Senator QUAYLE. Edward Schenk.

STATEMENT OF EDWARD SCHENK, DIRECTOR OF EMPLOYMENT AND TRAINING, COMMUNITY & ECONOMIC DEVELOPMENT ASSOCIATION OF COOK COUNTY, ILL.

Mr. SCHENK. Thank you, Senator.

I've been following Lee Crean for 14 years. I started out in Kokomo, Ind., as a migrant program director in 1967. I also have the distinction of being the father of three Hoosiers. All of my children were born in Indiana.

Our agency, the Community & Economic Development Association of Cook County, Inc., sometimes called CEDA. And I want to thank you for considering changing the name CETA, so I won't have to explain the difference between CEDA and CETA any more.

I also want to thank you for making it possible for President Reagan to sign that 15th bill that he signed. It seems to me that without the fact that your establishing and accepting the responsibility for continuing the youth programs, that they would not be alive today, and I think you ought to be commended for taking on that responsibility.

As I mentioned before, the Community & Economic Development Association is an agency in suburban Cook County. One of the advantages is that we have none of the disadvantages of the city of Chicago. None of the advantages of the city of Chicago and none of the disadvantages.

Our programs operate in the suburbs, and are designed to help people help themselves. Our programs involve local community participation in solving their problems, so, because of that, I want to point to the need of the local people to deal with the programs of employment and training, as well as other problems in their communities.

Our major program have been in programs involving individuals learning job skills. And the one thing that comes across time and time again as being the key to job-skills training is the appropriateness of the supervision. When we have good supervisors, the program works well. When we have poor supervisors, the program works poorly.

And as the Congress of the United States considers a Work-Fare program, I think one of the things it needs to key in on is, What are we going to do to provide adequate supervision for those people who are being asked to engage in this Work-Fare program.

One of the important, creative things that I think we're doing, Lee, is the youth employment program, which uses the young people to do the job development themselves. What we've done is trained young people to go out and help young people find jobs, to talk to the employer on an individual basis and sell individual young people to individual employers. We talked a lot this morning about what has to be done, and I think one of the things that didn't get mentioned very often was the fact that this is an individual program for individuals, and we're talking about individual employers, who have an individual need at a particular time. And you can't just talk in generalities, including employers, and you must deal with the individual situation.

In all of our programs, including those programs that have senior citizens, one of the things that comes out loud and clear is that our jobs programs give a sense of self-worth; that our young people gain the job skills, as well as a sense of self-confidence, that they are somebody.

In regard to the funding of the programs, I believe that the Federal Government has a unique ability, and that ability is to collect taxes from people at a very inexpensive rate. And I think the program should be funded through the Federal Government, using that unique method of funding, and bringing it down to the local areas.

Those are some of the points in my testimony. You have a written copy, and if you care to ask me questions, I would be delighted to answer them.

Senator **Quayle**. Thank you, Mr. Schenk. Your entire testimony will be included in the record, and to you and your three sons, did you say, welcome back to Indiana.

Mr. **Schenk**. Thank you.

Senator **Quayle**. Glad to have you.

[The prepared statement of Mr. Schenk follows:]

Statement of Edward Schenk, Director of Employment and Training, Community and Economic Development Association of Cook County, Ill.

MR. CHAIRMAN. THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY. THE BODY OF OUR TESTIMONY TODAY COMES FROM OUR REAL-LIFE EXPERIENCE IN THE DAY-TO-DAY DELIVERY OF HUMAN SERVICES TO OUR 80,000 LOW INCOME CLIENTS IN SUBURBAN COOK COUNTY, ILLINOIS.

OUR ORGANIZATION, THE COMMUNITY AND ECONOMIC DEVELOPMENT ASSOCIATION (CEDA) IS A PRIVATE, NON-PROFIT COMMUNITY ACTION AGENCY WHICH SERVES THE ENTIRE SUBURBAN COOK COUNTY AREA. CEDA IS NOT A WELFARE AGENCY. RATHER, CEDA PROVIDES HUMAN SERVICES TO FILL THE NEEDS OF SUBURBAN COOK COUNTY RESIDENTS. CEDA IS COMMITTED TO TWO FUNDAMENTAL IDEAS: HELPING PEOPLE HELP THEMSELVES, AND, LOCAL COMMUNITY PARTICIPATION IN SOLVING THEIR PROBLEMS. CEDA'S GOAL IS TO PROVIDE PUBLIC SERVICE PROGRAMS THAT BUILD SELF-RELIANCE, NOT DEPENDENCY.

FOR EXAMPLE, CEDA SPONSORS PUBLIC SERVICE EMPLOYEE WEATHERIZATION CREWS THAT HAVE WINTERIZED MORE THAN 1,000 HOMES; CEDA SPONSORED YOUTH EMPLOYMENT AND TRAINING PROGRAM PARTICIPANTS HELP ADMINISTER NUTRITION PROGRAMS FOR OVER 5,000 "AT RISK" WOMEN AND CHILDREN AS PART OF THE (WIC) PROGRAM; AND OLDER RESIDENTS OF COOK COUNTY WHO PARTICIPATE IN CEDA'S MANPOWER ACT FOR TRAINING UNDER-UTILIZED EMPLOYEES (MATURE) PROGRAM ASSIST IN HEAD-START EDUCATION PROGRAMS FOR MORE THAN 2,000 CHILDREN.

OUR MAJOR OBJECTIVE IS TO REDUCE WELFARE DEPENDENCE. AND WE DO. THROUGH THESE PROGRAMS INDIVIDUALS LEARN JOB SKILLS THAT ASSIST THEM IN GAINING UNSUBSIDIZED EMPLOYMENT. WITH PROPER SUPERVISION FROM DESIGNING WELL THOUGHT OUT JOB DESCRIPTIONS, OUR PROGRAMS PROVIDE PARTICIPANTS WITH THE SKILLS, WORK EXPERIENCE, AND THE SELF-CONFIDENCE NECESSARY TO GAIN PRIVATE SECTOR EMPLOYMENT. ENCLOSED WITH YOUR MATERIALS ARE WRITTEN JOB DESCRIPTIONS AND OUR HANDBOOK ENTITLED "SUMMER YOUTH EMPLOYMENT PROGRAM - KNOWING WHAT IS EXPECTED OF YOU."

OUR 16 YEARS OF EXPERIENCE WITH THESE AND MANY OTHER PROGRAMS HAVE SHOWN THIS APPROACH NOT ONLY VIABLE, BUT NECESSARY. OUR PROGRAMS ARE MORE THAN A HAND-OUT; THEY ARE A HELPING HAND FOR THE FUTURE.

THAT HELPING HAND INCLUDES CEDA'S "YOUTH EMPLOYMENT PROGRAM." OPERATING OUT OF FIVE COMMUNITY CENTERS, THIS PROGRAM HELPS YOUNG PEOPLE, AGES 16-19, LOCATE PRIVATE SECTOR JOBS. THE UNIQUE ASPECT OF THIS PROGRAM IS THAT YOUNG PEOPLE ARE HELPING OTHER YOUNG PEOPLE TO FIND MEANINGFUL EMPLOYMENT. IN THE LAST YEAR ALONE, MORE THAN 200 LOW-INCOME YOUNG PEOPLE HAVE BEEN PLACED.

WHILE YOUTH EMPLOYMENT ALWAYS HAS BEEN A PROBLEM, INCREASED ECONOMIC UNCERTAINTY HAS MADE JOBS MORE SCARCE FOR EVERYBODY. THEREFORE, WE BELIEVE THAT FEDERAL POLICY MUST ADDRESS PEOPLE OF ALL AGES. WE HAVE FOUND THAT OLDER AMERICANS FEEL THEIR LIVES MORE WORTHWHILE

WHEN PARTICIPATING IN CEDA'S "MATURE" AND FOSTER GRANDPARENT PROGRAMS; WHICH GIVES THEM A SENSE OF SELF WORTH AND INDEPENDNECE AND YOUNG PEOPLE DEVELOP JOB SKILLS AND GAIN SELF-CONFIDENCE THROUGH THE SUMMER YOUTH AND OTHER EMPLOYMENT PROGRAMS. INDIVIDUALS OF ALL AGES NEED OPPORTUNITIES TO HELP MAKE THEM CONTRIBUTING MEMBERS OF SOCIETY RATHER THAN WELFARE TAKERS.

WE BELIEVE IT IS THE RESPONSIBILITY AND THE ABILITY OF THE FEDERAL GOVERNMENT TO CONTINUE TO PROVIDE FINANCIAL ASSISTANCE FOR THESE PROGRAMS. DIRECT GRANTS TO THE LOCAL COMMUNITIES WILL CONTINUE TO BE THE MOST EFFECTIVE AND EVENHANDED METHOD OF FUND ALLOCATION.

TO HELP ALLOCATE OUR AGENCIES LIMITED RESOURCES, CEDA'S COMMUNITY BASED APPROACH HAS ESTABLISHED LOCAL GOVERNING BOARDS DRAWN FROM AREA GOVERNMENT OFFICIALS, BUSINESSPERSONS, AND OTHER INTERESTED INDIVIDUALS THESE GROUPS CAREFULLY ANALYZE EACH COMMUNITY'S SITUTATION AND TARGET RESOURCES TO THOSE AREAS WITH GREATES NEED.

HERE'S ONE OF OUR SUCCESS STORIES. IN CHICAGO HEIGHTS UNEMPLOYMENT HOVERS NEAR 16%. WITH THE HELP OF FEDERAL FUNDING, CEDA'S CHICAGO HEIGHTS CENTER DESIGNED A YOUTH ADVOCACY PROJECT TO HELP THE UNEMPLOYED FIND JOBS. CIVIC LEADERS AND BUSINESSPEOPLE ARE WORKING TOGETHER WITH YOUNG PEOPLE TO HELP THEM FIND EMPLOYMENT AND TEACH THEM WORK SKILLS FOR THE FUTURE. THIS PROGRAM HAS TWO SIGNIFICANT

BENEFITS: 1) JOBS FOR THE UNEMPLOYED, AND 2) DIRECT COMMUNITY INVOLVEMENT IN SOLVING THEIR OWN ECONOMIC PROBLEMS.

BUT THE PRIVATE SECTOR CAN DO MORE. IN THE FUTURE THEY MUST BE ENCOURAGED TO PLAY AN EVEN INCREASINGLY ACTIVE ROLE. THEY HAVE THE JOBS, CEDA (AND PROGRAMS LIKE OURS) HAVE THE HUMAN RESOURCES. THE JOBS AND PEOPLE NEED TO BE CONNECTED -- CEDA DOES JUST THAT. THROUGH OUR CONTACTS WITH PRIVATE INDUSTRY CONTACTS WHICH COME SLOWLY THROUGH A LONG PROCESS OF NEGOTIATION.

BUSINESS AND GOVERNMENT CAN WORK TOGETHER IN SEVERAL WAYS TO INCREASE EMPLOYMENT OPPORTUNITIES. NOT ONLY CAN BUSINESSES PROVIDE JOBS AS IN THE YOUTH ADVOCACY PROJECT, BUT THEY CAN ALSO PROVIDE FACILITIES TO DEVELOP THEM.

THE PROCESS OF INCLUDING PRIVATE INDUSTRY IS A LONG PROCESS CLOSELY AKIN TO THE MARKETING PROGRAMS BEING DEVELOPED TO MARKET GOODS AND SERVICES. CAREFULL PLANNING DEVELOPMENT OF FRUITFULL APPROACHES AND TIMELY FOLLOW-UP ARE NECESSARY IN A STRADEGY TO DEVELOP THE SUPPORT OF PRIVATE INDUSTRY FOR JOBS. THIS PROCESS TAKES TIME AND EFFORT AND CAN BEAR FRUIT COMMENSURATE WITH THE AMOUNT OF TIME AND EFFORT EXPENDED JUST AS IN A SUCCCESSFUL MARKETING CAMPAIGN FOR GOODS OR SERVICES.

MR. CHAIRMAN, WE ARE PROUD OF THE CONTRIBUTION CEDA AND ITS PROGRAMS HAVE MADE TO ALL THE RESIDENTS OF SUBURBAN COOK COUNTY. BY WHATEVER MEASURE YOU USE, OUR PROGRAMS WORK; WORK TO HELP THE LESS FORTUNATE, WORK TO HELP THE POOR, AND WORK TO HELP THE COMMUNITY.

HOWEVER, WE CAN ONLY CONTINUE TO MAKE THIS CONTRIBUTION WITH CONTINUED FEDERAL SUPPORT. IT HAS BEEN VITAL TO US IN THE PAST -- AND WILL REMAIN VITAL IN THE FUTURE.

WE HAVE PROVIDED MEMBERS OF THE SUBCOMMITTEE WITH ADDITIONAL INFORMATION CONCERNING CEDA AND OUR PROGRAMS. I'D BE HAPPY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

Senator QUAYLE. Mr. Nieman.

STATEMENT OF BARRY R. NIEMAN, PRESIDENT, AMERICAN TIGRE, INC., AND ON BEHALF OF THE NATIONAL ASSOCIATION OF PERSONNEL CONSULTANTS, AND ITS STATE AFFILIATES

Mr. NIEMAN. Mr. Chairman, my name is Barry Nieman.

I speak to you today on behalf of 2,500 placement services throughout the country who are members of the National Association of Personnel Consultants, and those Indiana members of the same organization, and myself, as an owner of American Tigre, which is a private placement service here in Indianapolis. I also have offices in Baltimore, Los Angeles, and Pittsburgh.

My testimony, which you have, basically concerns Job Service, the U.S. Employment Services. I will now highlight it.

No. 1, we feel that they (USES) should pay more attention to the placing of the unemployed. No. 2, they should not compete with business the way they do. No. 3, they should be joined or merged, or whatever the words are, with CETA and vocational education.

Four, there should be more of a partnership between the Job Service and the private placement industry. And five, they, being in a position to educate, should put out the benefits of joining the Armed Services or making referrals directly to the Armed Services.

One of the problems with Job Service today seems to be, in our opinion, that they have left the idea of placing the structurally unemployed, or the unemployed, and have gone out to place the employed and the trained. We feel that this is a waste of the taxpayers' money, and, certainly not the intention of the taxpayers' money.

Recently in the Indianapolis Star, these ads appeared, and all of them asked for experienced people, like a scientific programer, 3 years' experience, call Job Service, and a systems analyst.

These are not entrance level, unemployed people that they are seeking. They are seeking someone who is already trained, already working, and who actually worked for a company that pays the tax that creates the Job Service. In other words, they're biting the hand that feeds them.

A local manager of a USES office said recently that his responsibility is to place the unemployed and the underemployed. Well, I suppose if you wanted to be President or Vice-President, he would consider you underemployed, and he might help you. Not that I don't think you need that help, but I question the taxpayers' funds going toward a trained, employed person.

As far as joining CETA and USES; I think that if they did that, they would have a better idea as to where the openings are, where the true needs lie. Left alone, they seem to go out and compete with the private business sector.

I happen to be in that business. And, so, certainly, competing with the Government for those who have ever tried to do it in business, is a very hard thing to do. Their advertising budget is immense. We can't compete. We don't think they should advertise for applicants, when they already have a huge list of applicants that are unemployed.

Anyone in my business also knows, or in personnel, would know that the processing time to process an applicant, to find out what they can do, what they want to do, is extremely expensive. So, they're not only advertising and spending the money, they are creating a workload that takes away from the unemployed.

As far as participating with private businesses: in Michigan and in Pennsylvania, as my written testimony shows, there are State agencies that are working with private placement services to place the structurally disadvantaged; people who have not worked for a long time. That program has been refunded, at least once in Pennsylvania.

The last thing I would like to share with you is that the U.S. Employment Service does not make referrals. It does not indicate to any of their applicants the advantages of the armed services.

As recently as yesterday, I called the branch, talked to the recruiter, asked him if they take referrals from the Job Services. He said no.

I said, "Have you ever tried a working relationship with them?"

He said, "No."

I said, "Can you tell me why?"

He said, "Hold on a second, I'll check with the administrator."

He got back on the phone, and he said, "Well, no, we don't take referrals, and we don't know why."

It seems to me that they are somewhat in the personnel business. One of the Government's most crucial needs is the armed services. I'm not saying that we should force people to enlist, but, it would seem to me, that we could pass out the information.

So, to conclude, I would like to say that our position would be that Job Service should concentrate on the unemployed; that they should stop advertising, and stop competing with the private sector that, basically, handles the employed, the trained, and, in some cases, the unemployed; that they be more closely merged with CETA and vocational education.

I have heard a lot about placement in these 2 days. Well, maybe, if they were closer, they would understand more about placing these individuals that get employment training.

And, last, maybe we can look into the situation where they can educate some people on the possibilities of the Armed Services.

I really thank you for the opportunity to be here today. I agree that your staff was excellent.

Thank you.

[The prepared statement of Mr. Nieman follows:]

Written Testimony of

Barry R. Niemann, CPC

August 26, 1981

In behalf of: National Association
of Personnel Consultants, its state
affiliates, and American Tigre, Inc.

Mr. Chairman, I speak today specifically for the approximately 2500 member offices of the National Association of Personnel Consultants and its state and local affiliates across the country, as well as the owner of American Tigre, Incorporated. My own experience includes 16 yrs. of successfully finding people jobs. I have private personnel recruiting operations here in Indianapolis, and in Pittsburgh, Los Angeles, and Baltimore.

Personnel consultants, employment agencies, if you will, are scattered across this land, primarily in middle-sized and large cities, but in smaller ones too. We are, in numbers, a relatively small group of small, independent businessess; but we are a billion dollar a year industry, performing a socially useful function by serving the unemployed, the underemployed, as well as the needs of our economic system.

To describe our work is easy. We put together people who have particular talents or abilities with the corresponding needs of industry and business. We get people jobs. . . from the furnace room and the loading docks to the executive suites. We do it for a profit, we do it efficiently, or we die. And we do not do it at the taxpayer's expense.

To the contrary, the people our small industry places in gainful employment earn at least $15 billion a year in taxable income.

Our livelihood would not, under normal circumstances, be threatened by the United States Employment Service, a creature of the Wagner-Peyser Act. But in recent years, the USES has increasingly left its historic domain and responsibility - helping the unemployed, the disadvantaged, the veterans, and the handicapped of our society.

If that job were done, and done well; if the unemployed and disadvantaged were helped, the USES might well look for new challenges and opportunities. It might find logic on its side as it helps an already employed engineer find a better job, (as it advertises) whose skills are already in short supply. It might see the need to open new offices in suburbs far from the unemployed and public transportation.

But that job is not done - at least it is not done well. Women, blacks, latinos, veterans, the handicapped, the chronically unemployed are with us and needing all the help they can get.

It is my position and that of the National Association of Personnel Consultants that the goals and purposes of the United States Employment Service and of government in general must be:

1. A reduction in federal spending
2. A reduction in taxes
3. An elimination of unnecessary federal regulations
4. A reduction of government competition with the private sector
5. A concentrated effort on placing the disadvantaged and unemployed

These goals relate to the USES in that: (1) Job Service's spending is largely directed toward employer-oriented services as opposed to service for the unemployed; (2) the USES and its state counterparts receive 97% of their funding from Federal Unemployment Trust Accounts (of which several state accounts are now bankrupt, causing $4 billion in borrowing from the General Treasury at the national level and increased Unemployment Insurance taxes on employers at the state level); (3) through executive orders, all government contractors or subcontractors with contracts in excess of $10,000 up to the $25,000 annual level, are required to list all jobs with the USES. In addition, the Job Service is prohibited by regulations from referring clients to the private sector placement services; and (4) the Job Service competes directly with small business in the form of private, fee-charging labor market intermediaries.

We, therefore, propose the following:

1. The creation of a public/private partnership with regard to Job Service and private placement firm dealings. Private firms frequently have access to and credibility with employers which, is used, will aid in removal of the unemployed from benefits rosters more quickly than can be accomplished by the USES operating without private sector assistance. The existing referral prohibition extends to the private sector even in cases where services are paid for by employers.

   A program of public to private referral has been tried in several states. The most recent test, in Michigan, found the concept quite promising and worthy of development.

2. The requirement that jobs be listed with USES should be eliminated. This requirement was imposed in 1971 to assist Vietnam Veterans, the vast majority of whom do not need and no longer benefit from this special assistance. In fact, the practical result of this policy requires the listing of over one-third of the job openings in the United States, a considerable amount of paperwork for jobs which USES has not reasonable expectation of filling.

   It is burdensome both to companies and to the USES system.

3. The USES should not be advertising its services via television, radio and newspaper with the intent of attracting additional already employed clients. A 1977 GAO report found that less than 20% of all unemployment insurance claimants, as job applicants, were placed and over 50% received no help at all. It is not logical, then, to attract additional, highly qualified and currently employed clients. This activity diverts services funded by the Unemployment Insurance Trust Fund to those for whom the Trust revenues were never intended.

4. The resource allocation formula employed by USES in distributing funds to state Job Service offices should be restructured based on the needs of the area served as determined by the state; not disseminated according to a national formula which rewards an office for just the number of placements it makes. As constructed, this formula encourages the Job Service to attract the employed instead of concentrating on those receiving unemployment benefits. Any allocation formula should be based on service to the most needy population and on efforts toward reducing unemployment claims.

5. The USES should make available to qualified applicants all information pertaining to the enlistment in the United States Armed Services. This information should include all advantages of educational developments and career training provided by the armed services. Results of this would be twofold: (1) it would decrease unemployment and, (2) it would fill many of the vacant openings within the armed services.

   The fact is, in essence, government has its own personnel department which fails to fill our country's most vital job openings - the armed services.

We contend that these measures (creating a public/private partnership, restricting competitive advertising by the government, eliminating the requirement that fully one-third of the available jobs be listed with the USES, insuring that the allocation formula coincides with the proper and appropriate priorities of government, and making referrals to the Armed Services) will, when taken together, be a force to:

1. Reduce unemployment by more efficiently returning the unemployed to work
2. Remove government restrictions which unduly encumber both government and business
3. Reduce Federal and State Unemployment Insurance taxes and insure that those taxes which are paid are used efficiently and for the purpose for which they were intended
4. Reaffirm the traditional roles of government and private industry
5. Return government to its appropriate function of doing things which citizens cannot do for themselves
6. Generate increased tax revenues both as people are returned to work and private placement firms assist them
7. Solve the crisis of our depleted Armed Services

Most importantly, it is our belief that these measures will strengthen the United States Employment Service by enabling it to concentrate its efforts and resources on putting unemployed back to work.

Barry R. Niemann, CPC

* See attached addenda.

(Note: In the interest of economy, the addenda material referred to was retained in the files of the Committee.)

Senator QUAYLE. Thank you very much. I'm always glad to hear when the staff is doing a very good job. It makes me look good.

Last, our own Urban League president, Sam Jones.

STATEMENT OF SAM H. JONES, PRESIDENT, INDIANAPOLIS URBAN LEAGUE, INC., INDIANAPOLIS, IND.

Mr. JONES. Thank you, Senator Quayle.

As you indicated, my name is Sam H. Jones, and I am the president of the Indianapolis Urban League, Inc.

Along with me is my colleague, Mr. Henry Curry.

And, Senator, with your permission, during the brief question period, I would like the opportunity to invite to the table, Mr. Reggie Jones, who is with the OIC. You've heard reference made to OIC, and he may have an excellent contribution to make during that brief interchange, if that's all right with you.

Senator QUAYLE. Fine.

Mr. JONES. First of all, I would like to express my appreciation to you, Senator Quayle, and to the Subcommittee on Employment and Productivity, and, again, express thanks for your wonderful staff for the many courtesies that they have shown to us, for the opportunity to present this testimony.

We're making this presentation on behalf of our constituency, most of which is black.

The mission of the Urban League is to enable blacks and other minorities to cultivate and exercise their full human potential on par with all other Americans. To achieve this goal, the Urban League conducts programs in education, employment, housing and urban affairs, economic development, community development, law and consumer affairs, social welfare, and citizenship education.

To accomplish this mission, the Urban League intervenes at all points in the social and economic structure where the interests of blacks, other minorities, and the poor, are at stake.

In the Congressional Record for the Senate, dated May 19, 1981, Senator Quayle asked these questions: "Why do we have employment and training policies?" and "What is it that we are trying to achieve?"

These are excellent questions, and it is doubtless time to ask them again.

The Senator recounts a number of good reasons:

> Reduction in the overall unemployment rate; reduction in the unemployment rate of particular segments of the population; increased productivity of the work force; reduction in welfare dependency; assistance in economic development of distressed areas or industries, and this is by no means a complete list.

And this was the end of his quote.

In addition, there are other appropriate objectives. Thinking people now know that the future is upon us. We have become aware in almost every business transaction that credit and money are now almost totally electronic. An example is the fact that highly sophisticated equipment, placed in the hands of undertrained personnel, is difficult to operate.

Training and equal opportunity programs are a part of the process to equalize this differential. Training and employment policies can guard against the short-term thinking which leads to employment of only those easy to place, which works against increasing the pool of technically trained labor.

Particular groups in the labor force should be the concern of employment programs. Labor policy should be aimed at goals like increasing the productivity of American labor, insuring fair, adequate, and nondiscriminatory hiring policies, adequate compensation, also excellent benefits, and retirement policies for all American laborers.

This must continue to include clear and enforceable affirmative action and equal employment opportunity guidelines overseen by Federal officials.

Employment programs, on the other hand, have been, and must continue to be, aimed at providing background resources, specific forms of training, counseling, placement, and other specific resources for those among the labor force, who are less likely to be able to translate their aspirations into the achievements envisioned by the labor policy.

This is especially true of youth, and, particularly, of minority youth. As Senator Quayle stated in the Congressional Record of March 6, 1981, and I quote, "There is no question that youth unemployment is one of the most serious of our domestic problems."

In fact, according to the National Youth Work Alliance, youth aged 16 to 24, comprise half of America's unemployed. This leads to other social ills, of which crime is but one.

The roots of the youth unemployment problem lie both in the labor market and in the educational system, and in the lack of coordination and cooperation between the two. The importance of education is born out by the statistic that high school dropouts are three times as likely to be unemployed as high school graduates.

According to the Republican policy committee and the House of Representatives, it is estimated that between 1976 and 1985, a total of 59 million jobs will occur; 45 million white collar and 13 million blue collar. Thus, the majority of new jobs will require communication and technical skills.

Policy must encourage appropriate training, especially among minorities.

We're also aware that to meet Affirmative Action guidelines, many employers hire women and blacks in personnel, public relations, and equal opportunity departments rather than placing them on the production line of their industries.

In fact the Jobs Roundtable has stated that unless positive initiatives are required by Federal mandate, many segments of our labor market, and many job opportunities, will remain closed off to minorities and women through paid discrimination.

Therefore, in addition to the excellent reasons Senator Quayle enumerated for having employment and training policies and programs, such policies and programs are necessary to the continued well-being of American business.

If American labor was competitive with the international competition, sales of American products would support the same labor more adequately.

One of the Urban League's long-range goals is fair employment; that is, 100 percent of those who want to work or need jobs can find one at a decent wage. Another is improved capability of our constituency to effectively qualify and compete for existing and future employment opportunities. And, yet, a third is employment, training and development systems which are responsive to the needs of all citizens.

One can draw the clear and simple conclusion that, as the percentage of American labor trained and employed at a fair wage increases, the necessary expenditure of public funds going to income maintenance will decrease, at least, in relative terms.

At no point in our immediate future can it be contemplated that income maintenance programs can or should be jettisoned.

At the present time, American labor is not adequately technically trained. Large segments of the labor force are, for a variety of reasons, many beyond their control, not presently able to cope with the rapidly expanding technology of our economy, which our economy encourages.

However, again, quoting the Jobs Roundtable testimony: "It is far more costly in the long run to keep a recipient on welfare than to provide the skill training necessary for enabling that recipient to join the work force. Establishing across-the-board work relief requirements, or mandating other forms of work fair that do not include job development and supportive services assistance, may be counter-productive."

While it is true that the bulk of employment opportunities are in the private sector, it is also true that for the past 40 years, or so, public sector employment has been growing at a faster rate than private sector. Therefore, it is not inconsistent that policies and programs addressing employment and training address these issues in both sectors. In fact, we have no evidence yet that the private sector is either willing or able to become active in job training and placement.

Quoting from a publication of the National Urban League's Washington Office, "Despite all of the bad public relations CETA has gotten over the years, it is a program that has worked, and is working, based on concrete evidence. Each year CETA helps 3,000,000 people enter the job market. A study released on March 25, 1981, by the John Hopkins University revealed that PSE programs do increase the employability of the participants."

And this study goes on to cite all of the statistics. There have been regulatory inconsistencies, however. There has been some fraud. But, as Lee Crean said, it's probably no different from what's happening in banking or department stores, and so on.

There has been some strife in the ranks of prime sponsors, balance of State sponsors, work sites, and training agencies. There has been some failures, of course. There has been some waste of funds. However, while all of these statements are true, they are exceptional, and I underline the word "exceptional."

Let me just say in summary, the Indianapolis Urban League, together with the National Urban League, is vitally concerned about the future of employment and training policy and its attendant programs.

We are concerned that the policies be fair to all and that the programs be addressed to those who need them.

We are concerned that income maintenance programs not be allowed to be dropped until trained laborers have adequately been given technical skills to fill jobs that are available for which those skills are relevant.

And, finally, Senator, the other point I want to make with reference to funding, is that we recommend that the existing prime sponsor structure continue to receive moneys, but that they be allocated, very much like along the United Way format. As you know, the United Way has an allocations process to which agencies come and bring their budgets, and their goals, and projections, for a period of time, and the allocations committees will determine how much money the United Way will project for that agency or those agencies for a given period of time.

We think that this is, perhaps, one of the fairer ways of doing this, and, therefore, you bring together a cross-section of the community. And I would also stress that funding be made on a multiyear basis, if you will, 2 to 3 years, perhaps.

The other part of this is that, then, you would allow not only NABS programs, but other community-based organizations and agencies to come before an impartial body with their projections for programs and training, and receive a fair hearing, and a fair airing of their budget proposals and projections, and receive funding, and then have a body to monitor those programs as the agencies unfold, then, over the period of time for which they're funding.

We happen to think that this is a good process, and you may want to take a look at how United Way has been doing it around the Nation for the past 20, 30, 40 years, or so.

Thank you, again, for this opportunity.

[The prepared statement of Sam Jones follows:]

STATEMENT OF SAM H. JONES, ACSW, PRESIDENT, INDIANAPOLIS URBAN LEAGUE

My name is Sam Jones, and I am the President of the Indianapolis Urban League.

First of all I would like to express my appreciation to Senator Quayle and the sub-committee on Employment and Productivity for the opportunity to present this testimony. We are making this presentation on behalf of our constituency, most of which is Black. We appreciate the fact that the sub-committee is beginning early to plan for legislation that affects the lives of hundreds of thousands of low income and hard to place people of all ethnic backgrounds who wish to be counted among the ranks of American workers. We trust that the early concerns of the sub-committee will lead to legislation that is fair for all, supportive of those who need support, and effective in its delivery and in its results.

The Urban League is a not-for-profit community based organization with National Headquarters in New York City and affiliates in 120 cities throughout the nation, including ours in Indianapolis.

MISSION

The mission of the Urban League is to enable Blacks and other minorities to cultivate and exercise their full human potential on par with all other Americans. To achieve this goal the Urban League conducts programs in Education, Employment, Housing and Urban Affairs, Economic Development, Community Development, Law and Consumer Affairs, Social Welfare, and Citizenship Education. To accomplish this mission, the Urban League intervenes at all points in the Social and Economic structure where the interests of blacks, other minorities and the poor are at stake.

NEED FOR EMPLOYMENT AND TRAINING POLICIES AND PROGRAMS

In the Congressional Record for the Senate dated May 19, 1981, Senator Quayle asked the questions "Why do we have employment and training policies?" and, "what is it that we are trying to achieve?" These are excellent questions and it is doubtless time to ask them again. The Senator recounts a number of good reasons: "Reduction in the overall unemployment rate; reduction in the unemployment rate of particular segments of the population; increased productivity of the work force; reduction in welfare dependency; assistance in economic development of distressed areas or industries, and this is by no means a complete list."

In addition, there are other appropriate objectives. Thinking people now know that the future is upon us. We have become aware in almost every business transaction that credit and money are now almost totally electronic. We now know, from the fact that military re-enlistments are so low, that highly sophisticated equipment placed in the hands of under-trained personnel is difficult to operate efficiently or effectively, and leads to great frustration among its operators. In operating our own employment service (at no fee to either applicant or employer, because of our United Way funding), finding highly skilled, well trained or educated applicants for technical jobs is very difficult. According to the Republican Policy Committee in the House of Representatives, "it is estimated that between 1976 and 1985 a total of 59 million jobs openings will occur, 45 million white collar and 13 million blue collar. Thus, the majority of new jobs will require communication and technical skills." Policy must encourage appropriate training, especially among minorities. We are also aware that to meet Affirmative Action guide lines many employers hire women and blacks in the personnel, public relations, and equal opportunity departments rather than placing them on the production line of their industries. In fact, the Jobs Roundtable has stated that, "Unless positive initiatives are required by Federal mandate, many segments of our labor markets, and many job opportunities, will remain closed off to minorities and women through pay differentials and job segregation."

Therefore, in addition to the excellent reasons Senator Quayle enumerated for having employment and training policies and programs, such policies and programs are necessary to the continued well being of American business. Were American labor competitively productive with its international competition, sales of American products would support that same labor more adequately. Training and equal opportunity programs are a part of the process to equalize this differential. Training and employment policies can guard against the short term thinking which leads to employment of only "easy to place" people and which works against increasing the pool of technically trained labor.

BENEFICIARIES OF POLICIES AND PROGRAMS

The Senator goes on to question; "Should particular groups in the labor force be the concern of employment policy?" All groups in the labor force should be the concern of employment policy. Particular groups in the labor force should be the concern of employment programs. Labor policy should be aimed at goals like increasing the productivity of American labor; insuring fair, adequate, and non-discriminatory hiring, compensation, benefits, and retirement policies for all American laborers. This must continue to include clear and enforceable Affirmative Action and Equal Employment Opportunity guidelines overseen by Federal officials. Employment programs on the other hand have been, and must continue to be, aimed at providing background resources, specific forms of training, counseling, placement, and other specific resources for those among the labor force who are less likely to be able to translate their aspirations into the achievements envisioned in labor policy. This is especially true of youth, and particularly of minority youth. As Senator Quayle stated in the Congressional Record of March 6, 1981, "there is no question that youth unemployment is one of the most serious of our domestic problems."

In fact, according to The National Youth Work Alliance, youth aged 16 to 24 comprise half of America's unemployed. This leads to other social ills, of which crime is one. But we know that participation in summer job programs reduces youth crime by half, for example. And less than half of eligible youth are being served by any CETA title. The Republican Policy Committee asserted that "unless these youths can successfully enter the labor force, they will exacerbate the nation's social ills by falling into lives of chronic joblessness and poverty . . . . The roots of the youth unemployment problem lie both in the labor market and in the educational system - and in the lack of coordination and cooperation between the two. The importance of education is born out by the statistic that high school drop-outs are three times as likely to be unemployed as high school graduates."

INCOME MAINTENANCE

The Senator's next question is "what should be the relationship of employment and training policies to income-maintenance policies?" We will leave it to others to quote exact statistics, but studies consistently indicate that most Americans of working age vitally desire to have a job. It is therefore no surprise that "there is much history to suggest that employment and training policies should be used to reduce the cost of various income transfer programs."

One of the Urban League's long range goals is "fair employment, i.e., 100% of those who want to work or need a job can find one at a decent wage." Another is "improved capability of our constituency to more effectively qualify and compete for existing and future employment opportunities." And yet, a third is "employment, training and development systems which are responsive to the need of all citizens." With these goals in mind it is obvious that employment and training programs aimed at particular groups in the labor force will enhance and facilitate a more general labor policy aimed at all citizens. One can draw the clear and simple conclusion that as the percentage of American labor, trained and employed at a fair wage, increases, the necessary expenditure of public funds going to income maintenance will decrease, at least in relative terms.

However, at no point in our immediate future can it be contemplated that income maintenance programs can or should be jettisoned. At the present time, American labor is not adequately technically trained. Large segments of the labor force are, for a variety of reasons, many beyond their control, not presently able to cope with the rapidly expanding technology that our economy encourages. However, again quoting the Jobs Roundtable testimony, "It is far more costly in the long run to keep a recipient on welfare than to provide the skill training necessary for enabling that recipient to join the work force. Establishing across-the-board work relief requirements, or mandating other forms of 'work fair' that do not include job development and supportive services assistance, may be counterproductive."

As stated above, employment and training policies and employment and training programs need to insure on the one hand, availability of technically trained labor for the economy, and on the other, jobs for labor that will decrease the dependence on income transfer programs. In the foreseeable future income maintenance programs will continue to be a vital necessity for the economic and social health of our community and of our nation.

RELATIONSHIPS

Regarding the relationship between federal, state and local government, and the private sector, it should be noted that there are five categories to consider. Three of these are government: federal, state, and local. Two are private: profit and not-for-profit. At points all five overlap. The aim of public policy regarding employment and training is to insure a trained and willing work force for the American economy. Students of the gross national product realize that the economy operates in all five categories listed above. While it is true that "the bulk . . . of employment opportunities . . . are in the private sector," it is also true that for the past forty years or so, public sector employment has been growing at a faster rate. Therefore, it is not inconsistent that policies and programs addressing employment and training address these issues in all five categories. In fact, we have no evidence yet that the private sector is either willing or able to become active in job training and placement.

HISTORICAL BENEFITS OF CETA (AND SOME PROBLEMS)

Yet another question is "have employment and training programs worked?"

Quoting from a publication of the National Urban League's Washington office, "Despite all the bad public relations CETA has gotten over the years, it is a program that has worked, and is working, based on concrete evidence. Each year CETA helps three million people enter the job market . . . A study released on March 25, 1981 by the John Hopkins University revealed that PSE programs do increase the employability of their participants. The long term study of CETA participants in the metropolitan Baltimore area found that while only 48% of the sample found employment at the time of termination from the program, this figure climbs to 59% after one month; 60% by six months; 70% by one year, and reached 78% two years after participation. Of the sample, 76% found employment, or enrolled in school or training one year after participation. This figure similarly increased over time, reaching 82% two years after termination."

Researchers also found that "after adjusting for changes in the consumer price index, individuals averaged a 16¢ per hour improvement from their pre-program job to their first position after leaving the program, and a 93¢ per hour increase from their pre-program position to the job held at the time of the study interview."

"The net cost of a PSE job slot was $7,300.00 in 1980. Provision of comparable services through Revenue Sharing would cost $18,730.00; $22,650.00 through local public works programs, or up to $40,000.00 (based upon Congressional Budget Office analysis of Kemp-Roth tax cut) per job created by means of a tax cut."

There have been regulatory inconsistencies. There has been some fraud. There has been some strife in the ranks of prime sponsors, balance of state sponsors, work sites, and training agencies. There has been some failure. There has been some waste of funds. However, while all these statements are true, they are exceptional.

Any careful study of the total CETA funded workforce over a period of more than two years will indicate to the dullest reader that the clientele of every CETA title have generally improved their ability to function as productive American workers. Our experience has been that when CETA funded workers failed to find unsubsidized jobs it is more often the lack of availability of these jobs than the fault of the workers. Still, improvement is always possible.

For example, as a work site supervisor, we have found that regulations frequently change, are frequently burdensome, and frequently hamper effective operations. We, of course, are aware that regulations come out of the experience of somebody somewhere. And we are also aware that not every regulation fits every situation. It is important that the Subcommittee take the experience of the past, carefully analyze it, and apply it to the future in predictable ways. For example, CETA is one of the few existing block grants. It was mandated by President Nixon in 1973. By 1977, the Labor department felt required to tighten CETA eligibility criteria in order to target more of these programs to the structurally unemployed. "And the proportion of minorities and disadvantaged persons in CETA significantly increased," according to the National Urban League. Without the Federal guidelines there had been many abuses of CETA funds at the state and local level. "Many state and local governments demonstrated an unwillingness or inability to comply with national standards on such matters as nondiscrimination and targeting of assistance to the economically disadvantaged," asserts the Jobs Roundtable.

The Urban League is in favor of continuing and expanding advisory bodies including participation from the private sector, both profit and not-for-profit. These bodies should include clients and representatives of future employers and community based organizations. It is important that those planning training programs at any one of the five categories realize that tomorrow is here. It is pointless to continue to train for yesterday.

SUMMARY

In summary, the Indianapolis Urban League, together with the National Urban League, is vitally concerned about the future of employment and training policy and its attendant programs. We are concerned that the policies be fair to all and that the programs be addressed to those who need them. We are concerned that income maintenance programs not be allowed to drop until trained labors have adequate technical skills to fill jobs that are available for which those skills are relevant. We believe that there are five categories in our economy, including the federal, state, and local government categories, and the for-profit and not-for-profit private sector categories. To be effective in policy development and program planning and delivery, all five categories of both sectors need to be included in the process. As the Subcommittee moves toward developing legislation on these issues, the Indianapolis Urban League will develop more detailed positions regarding private sector participation in the development and implementation of policy, with special attention to the barriers keeping private sector participation from being effective, and to barriers.

restricting small business participation.

Again, we wish to thank the Subcommittee for inviting us to submit this testmony and for their concern in beginning now to plan for next year's legislation.

FUNDING

We recommend that the City receive Federal Funds and then allocate (i.e. United Way format) the training funds to public, private and CBO's to do the program planning and training.

The funds would be dispersed by a volunteer allocations Committee made up of a cross-section of the community. We would also stress that funding be on a two (2) to three (3) year period of time.

Senator **Quayle**. Thank you very much for that suggestion. Having been a past participant in United Way activities, and sitting down in some of those budget review processes that we've gone through, that's a very interesting and astute suggestion.

Mr. Reggie Jones, do you have a statement that you want to make on behalf of OIC?

Mr. **Jones**. Yes, Senator.

First of all, I would like to thank you for giving me an opportunity to be a part of this panel without having a written statement.

I come before you not, basically, to represent OIC from the national level or the local level, but, basically, a person who has been involved in manpower programs over the last 10 to 20 years.

I think that it's important, and I recognize the fact that it's going to be very difficult to pull all of these agencies together and the private sector industry, vocational education, and community-based organizations, in terms of meeting the needs while we face such tremendous cutback in terms of Federal funds.

I think that it is very important that every agency, private sector, industry, vocational education, work together in terms of meeting the needs of the people that deserve it the most; the unemployed, the underemployed, and the disadvantaged.

While I recognize the fact that maybe some of us will lose some funding, I still hope that in the process, the democratic process, that we can continue to work together to meet those needs, and forget about the turf that some of us hold, and, hopefully, that we can begin to work collectively together.

I thank you for these hearings that have gone on for the last 2 days. I would like to speak on behalf of the interns, the student interns, the industrial interns, as we call them, that came out today. I felt that it was an educational process for them to have an opportunity to see how some forms of our Government functions, and hope that when they do get jobs that they will not forget and come back and participate in sharing their goals and objectives, and some of the achievements that they have made.

Thank you.

Could we ask those young folks to stand up and let them be seen?

Senator **Quayle**. A good suggestion.

The interns that are here, please stand up and be recognized. [Applause.]

We hope that these 2 days, have been educational for you. This is your Government trying to solicit the best kind of input and information. After you go on and get a job and do whatever you want to do, I hope that you continue your education and your political awareness, whatever political party it may be, because we have a free and open society. The competition of ideas and getting good young people, and getting good people involved in our system, is the reason why we are where we are today.

So, I would certainly encourage you to participate and to learn from public hearings, public formats, and find out where your public officials are coming from, where they stand.

I have a few brief questions. I have just been informed that I've got to take a plane earlier than I thought because there's a thunderstorm coming in.

I have a question for Mr. Crean, because you mentioned it, and also, Mr. Jones, because of your background in the Urban League on education, and training, and employment programs—if you would, Lee, expand upon the point that you made on consolidating employment services, vocational education, and the training programs. We are going to have joint hearings with Senator Stafford on vocational education and training this fall.

I was wondering if you might amplify on your point and then I would like to hear from the Urban League on these issues.

Mr. **Crean**. I'm not sure that I have the answer, certainly. I would certainly have to agree with the speaker who talked about ES being in competition in the general market of placement. I've thought that for many years, and it seemed to me that the taxpayers ought to help those most in need, not necessarily those who simply felt the need. I would agree with that.

I think, and, essentially what I was saying was that they ought to get down to what the business that they were created in 1933 to do, and just do that real well, and not have to do a lot of other kinds of things.

I'm not sure whether we need an employment service, and a State of Indiana office of occupational development, and vo-ed office, and a State board of vocational and technical education besides, all essentially with the same mission of trying to prepare people to be productive employees.

I don't know whether a total merger is the answer. No one has given me absolute truth yet, so I don't really know the answer to that.

But, it seems to me, that we ought to look at all of them together, though, you know. The disadvantaged, the educators tell us disadvantaged is one thing; CETA tells us it's another thing; ES says it's a third thing.

I suppose the legislation defines it in a fourth different way.

We can't even agree on what's disadvantaged. The educators talk about serving disadvantaged students. They're talking about educationally disadvantaged students. They're not necessarily talking about poor students, you know, economically disadvantaged students.

If you're looking for just an off-the-wall idea, I wonder whether vocational education even belongs in the schools. Maybe if we let the schools do academic education, and do it in a short period of time, kids would be more likely to stay there for 3 hours a day rather than 5 and 6.

Maybe we could treat vocational education as a thing apart from that. I don't know whether that's something to be thought about.

I don't know whether we need vocational education. You know, maybe we ought to call it training. If we quit calling it education, schools wouldn't want it any more or something.

Certainly, I think the three ought to be looked at together, because there's definitely overlap. You've got those of us who are out trying to get some work out of the CETA prime sponsors—our latest competitor in the business now is the Employment Service, who's out bidding on CETA jobs and so on.

It seems to me that there's going to have to be a massive redefinition of role. And the Wagner-Peyser Act was last amended, and Bob probably knows better than I, in like 1952 or something.

Senator QUAYLE. We did a little bit in this budget reconciliation process. [Laughter.]

Mr. CREAN. I don't think that's an authorization bill, however.

But it seems to me that that's got to be looked at seriously, and it's got to be looked at in light of CETA, and, certainly, vo-ed is the third partner in that. And the three, I don't know how each can be looked at independently any more.

Mr. JONES. Senator, I would agree essentially with Lee.

For years, those of us in the Urban League movement, have been asking for a reform epit with reference to a State employment service, we felt all along that, for a whole variety of reasons, there was need for reformation, and we won't get into those now, but, just speak in general terms, and I would agree, additionally, that we need to take a look at ES, USES, and the local offices, and their role, their mission, maybe look toward redefining that mission, look in terms of CETA and the mission for CETA, and also the Office of Occupational Development.

At this point in history, I'm not sure that we need to eliminate the concepts of either, but, perhaps, in terms of efficiency, and cost, and so on, there may need to be a greater interaction or a merger, or whatever, of the concepts with the implementation of the functions at this point.

With reference to education, again, we feel, in the Urban League movement, that before we can do very much, if anything, with vocational education at this point, the image has to be changed. The present image is that vocational education at the local level is a dumping ground for disciplinary problems, for dummies, and so on, without regard for the fact that it's where kids can become a tool-and-die maker, or a plumber, or whatever, that he or she needs the same ability as the kid who is going on to become a professional; a lawyer, a doctor, whomever. And until we turn around that image, we aren't going to get kids in great quantities to flock to vocational education.

And that's certainly true in the black community. When I was coming along, my father took the position that his two sons would go to college, without knowing whether or not we had the ability to go to college or to do anything else. And there was no encouragement of a vocational career, because, you know, that was not the panacea for us. College was the panacea.

And I think this is true, uniformly, maybe, in our society right now. Everybody thinks that college or a higher education represents the panacea.

Very few people recognize that there's gold out there in the blue collar work segment of the community. And, somehow, we've got to market more efficiently that concept and get young people to begin to move more accurately and numerically into the whole area of vocational education.

There are a lot of specifics as to how this might be done, but I would suggest that we need to begin some dialog with the Labor Department, U.S. Department of Labor, with the National Education Association, with the National Principals Association, superintendents of schools, and so on, and get these folk onboard to begin to dialog as to the problems and needs, and the reform efforts that need to occur.

And, then, once that happens, it seems to me that we can, perhaps, find a niche.

I would agree with Lee that it may very well be the case that vocational education can be best done outside of the formal structure of our educational system as we know it today.

Senator **QUAYLE**. Could very well be. And my own opinion, I would concur with what you've said, and also add that, if you look around today where we have surpluses, it's in the college educated, and the shortages is in the skilled trades.

Mr. **JONES**. Exactly.

Senator **QUAYLE**. We've got a shortage of the skilled trades in the military. We've got a shortage of skilled trades in the private sector.

Mr. **JONES**. Senator, the other part of the problem, too, and let me just say this, if I may, sir, I think, happens to deal with the amount of time that we require of people for training, as well.

You and I aren't old enough, maybe, to have been a part of World War II, but we've read about it, and much of what we've read would indicate that during World War II we trained what we called in the leadership ranks in the military "90-day wonders," young officers that we put through rigorous training for 90 days that we took 4 years to train at West Point, at Annapolis, and the Air Force Academy. We didn't have the Air Force Academy, then, of course; the Army Air Corps.

We trained doctors. We short circuited the training for doctors, and many of those doctors whose training got short circuited are now the leaders in the profession. They're the outstanding surgeons, the outstanding dentists, and so on.

The same is true with most of the needs that we had during the war years.

And I think another one of the reasons why kids don't subject themselves to blue collar training, because, you know, they want to go out and make the big buck fairly quickly, and it takes a little bit longer than many want to permit the time for.

And, second, I heard Max Wright talk about an excellent, outstanding apprenticeship program in Indiana. Sure, it was outstanding, but black kids, and other minority kids, were not there in great quantities. And I think discrimination, to be very blunt about it, is another factor for minority kids, for black kids, Native American kids, Hispanic kids, and so on.

But I think, again, the time element that we require for training needs to be looked at very carefully. I don't think we need to take, and we don't have to take the maximum amount of time that we require for training anybody for anything these days.

I think we could short circuit it, and still come out with efficient people. That's another problem, I think, with the whole system of training, whether it's vocational, or whatever.

Senator **QUAYLE**. Well, we could go on and on.

Please, one final question of Mr. Nieman.

I don't like the idea of, the Government necessarily competing with the private sector where the private sector can do the job, but if we just have the Government employment service for those that the private sector doesn't want to enlist, what kind of an effect, do you think, this would have on the structurally unemployed, the hardcore unemployed? Do you think that since they would be relegated to the public service system that they would have bad connotations if we would go that route?

Mr. Nieman. I'm not quite sure I understand your question.

Senator Quayle. If you would limit the public service placement efforts to just a certain small group, and left the private sector to do most of it, which I believe, quite frankly, that the private sector ought to do most of it, but if you would establish that as a fundamental policy, what kind of effect do you think it would have on those people that would end up in the public service placement?

Mr. Nieman. It could have a poor effect. I don't think we're advocating that. We're only advocating that their thrust should be in placing the unemployed and the disadvantaged. At the moment, their thrust is going in the other direction, and it affects us. We see a lot of waste of taxpayers' money. In my office, a person could walk in, who they really ought to help, that really takes, maybe, twice as much money for us to service, and we don't have the funds to do that, and that's where that individual should go.

So, we're only saying, in essence, that Job Service ought to be redirected to those individuals. You know, you cut $200 million off of Job Service, right?

Senator Quayle. Yes.

Mr. Nieman. Let's hope they take that $200 million out of advertising for the employed, and they go back down here where, I believe, they belong and help those individuals that need help. They need help.

Senator Quayle. You're basically talking about an emphasis?

Mr. Nieman. Yes, It must be changed.

Senator Quayle. OK.

Well, I thank this very distinguished panel. And I thank all of the participants in the audience that have been here.

And I only want to say that we are continuing our efforts to define the goals, define the areas of responsibility, to provide a better training and employment system in this country.

It's certainly been my delight to, as one of the witnesses said, to take the hearings from the banks of the Potomac and have them here on the banks of the Wabash.

You get a lot different, and a better feel and input out in the respective States, and that's why we're going to conduct national hearings out in the States. I just look forward to working with all of you individually.

Thank you for your kind contribution, and I commend you for the work that you have done in the past in this area, and looking forward to working with you on matters of mutual concern in the future.

Mr. Jones. We thank you, Senator, for your leadership, so you are to be congratulated for taking the leadership in this area, and we are really indebted to you for the leadership that you've taken.

Senator Quayle. Thank you very much, Sam.

I appreciate that.

Mr. **Jones**. I would like to remind you that in Indianapolis it's the banks of the White River, sir. [Laughter.]

Senator **Quayle**. That's right.

We're here on the banks of the White River, but I happen to come from Huntington, Sam, and you don't realize that the Wabash River flows through Huntington.

The meeting is adjourned.

[The subcommittee adjourned at 3:45 p.m.]

APPENDIX

ADDITIONAL STATEMENTS SUBMITTED FOR THE RECORD, AUGUST 1981, EMPLOYMENT AND TRAINING ISSUES HEARINGS, INDIANAPOLIS, IND.

Florida Occupational Information Coordinating Committee
Brevard Achievement Center, Inc., Rockledge, Fla.
Broward Employment and Training Administration, Fort Lauderdale, Fla.
Maricopa County Skill Center, Phoenix, Ariz.
Aufseher Enterprises, Inc., Orlando, Fla.
Brevard Community College, Florida
Southern Training Consultants, Inc., Orlando, Fla.
Coastal Plain Area Economic Opportunity Authority, Inc., Valdosta, Ga.
State of Florida; Secretary of Labor and Employment Security, Director of Employment and Training and Chief of Employment Services
Private Industry Council of Dade County, Inc., Miami, Fla.
Utah Department of Employment Security
Berrien County Private Industry Council, Minnesota
Private Industry Council of Madison County, Ind.
11th District American Legion, Indianapolis, Ind.
The American Legion, Salt Lake City, Utah
Las Vegas Clark County Consortium, Department of Human Resources, Las Vegas, Nev.
Employment Development Department, State of California, Sacramento, Calif.
Central Florida Educational Consortium for Women, Winter Park, Fla.
Employers National Job Service Committee

FLORIDA
OCCUPATIONAL
INFORMATION
COORDINATING
COMMITTEE

July 14, 1981

Senator Dan Quayle, Chairman
Subcommittee on Employment
and Productivity
4230 Dirkson Senate Office Bldg.
Washington, D.C. 20510

Attention: Bob Guttman

Dear Senator Quayle:

I have attached a copy of the testimony that I had wished to present at the Subcommittee's hearings on Employment and Training that were scheduled to occur in Orlando, Florida on July 17, 1981. I certainly understand the pressures that you all are currently facing and consequently why the hearings have been cancelled.

I would appreciate your reviewing my testimony as you consider CETA and Vocational Education reauthorization and including it in the record of your Subcommittee's activities.

Should you desire further information, please don't hesitate to contact me.

Sincerely,

Jay J. Pfeiffer
Systems Coordinator, OIS

JJP/dn

Attachment

Suite L-500 • 325 John Knox Road • Tallahassee, Florida 32303 • (904) 386-6111

STATEMENT OF JAY J. PFEIFFER
FLORIDA OCCUPATIONAL INFORMATION COORDINATING COMMITTEE
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

July 17, 1981

Mr. Chairman and Members of the Subcommittee:

Thank you very much for allowing me the opportunity to address this Subcommittee regarding the employment and training system in the United States. I will be addressing you today from my experiences in conducting labor market research, developing employment and training program plans, designing employment and training management and fiscal information systems, coordinating interagency program activities, and coordinating the development and use of occupational information among education, employment and training organizations in the State of Florida at the State level since 1972.

As is suggested by Senator Quayle's remarks in the Congressional Record of May 19, 1981 in announcing these hearings, the employment and training system of the United States consists of various components including advisory or counseling functions, education functions, training functions, rehabilitation functions, labor exchange functions, and labor market information functions. In my remarks before you today, I will focus on the labor market information component of the system.

Information about employed and unemployed workers, the type and number of jobs available, job seekers, general population characteristics, the growth or decline of industries, and many other types of information dealing with skills and training, comprise the body of knowledge referred to as labor market information. Stated another way, labor market information encompasses information on the labor force, occupational information and information on the availability of jobs.

The national-state system of labor market information has been pieced together over time to meet the needs of diverse federal and state agencies as they responded to administrative and/or legislative initiatives. The system has come to include information resources designed to assess economic/labor market conditions (such as the Current Population Survey, the Current Employment Statistics Program, the Occupational Employment Statistics Program, the Local Area Unemployment Statistics Program, etc.); information resources originally designed for program/agency management (such as the Vocational Education Data System, the Employment Service Automated Reporting System, CETA Management Information Systems, Unemployment Insurance Management Information Systems, etc.); and, at least one resource originally designed for congressional apportionment (the U.S. Census). Agencies responsible for these resources include the U.S. Bureau of Labor Statistics, the

Employment and Training Administration, the U.S. Employment Service, the National Center for Education Statistics, the U.S. Bureau of the Census, the U.S. Bureau of Economic Analysis and various divisions of the U.S. Department of Health and Human Services.

Though many information resources that comprise labor market information are funneled through State Employment Service Research and Analysis Units, the Statistical and Methodological Standards, definitions, processes, and taxonomies which form the basis of the information are more diverse than the number of agencies originally responsible for their design. This diversity makes it extremely difficult for people who need the information to get complete, consistent, and often accurate pictures of the labor market conditions they are attempting to analyze and plan programs to address.

For this reason, many people who need the information such as CETA Prime Sponsor Planners, Vocational Education/Community College Planners, economic researchers, and others, particularly at the local level, have the perception that timely and accurate labor market information is not available. As incorrect as this perception may be, these local professionals frequently feel compelled to develop their own information resources. This often occurs at great expense and with considerable unnecessary duplication. It frequently results in data which is either useless or which confuses the labor market picture even more.

With the exception of management information systems, most labor market information resources were designed when primary employment and training program responsibilities were handled by the federal government. As program responsibilities shifted more to state and local governments, demands for labor market information were increased significantly. Yet there has been no significant increase in funds for these programs to meet these heightened demands.

With heightened demands, relationships between people who need labor market information and those who develop it have become strained. Local CETA Prime Sponsor and vocational planners commonly complain that labor market information is inaccurate, out-of-date, and that it is unavailable for their geographic areas of concern.

As this Subcommittee considers reauthorization of the Comprehensive Employment and Training Act, the Vocational Education Act of 1963, potential changes to the Wagner-Peyser Act of 1933 and other employment and training initiatives, it will face issues concerning labor market information as well. In the time remaining to me, I would like to suggest what some of these issues are and how they might be dealt with.

In discussing these issues, I hope that the following points will become clear:

1. There is considerable fragmentation in the system of labor market information;

2. There is inadequate communication between and among people who use and people who produce labor market information;

3. There will be increased demands for labor market information as the nation proceeds toward more state and local control of employment and training programs;

4. That economic efficiency can be attained by consolidating the various information resources comprising labor market information, by imposing certain national standards in their production, and by increasing interaction between those who use and those who produce the information; and finally,

5. That efficient and effective labor market information is critical to individuals planning careers and finding jobs and to professionals who must plan and evaluate employment and training programs.

Congress, through legislation, and the administration, through regulations, has greatly increased the demand for specific state and local labor market information, primarily through CETA and the Vocational Education Act. Both of these Acts provide for funding and coordination of labor market information without reference to the existing data resources that comprise labor market information. Similarly, the Wagner-Peyser Act provides for funding of labor market information without reference to the requirements of CETA and Vocational Education.

Recommendation. During the review of legislation that will occur in the reauthorization process, Congress should consolidate labor market information requirements and funding sources presently contained in various legislation. This consolidation should specifically define the functions being funded.

Labor market information has long been seen as falling within the purview of the United States Department of Labor's Labor Market Information Division and the Bureau of Labor Statistics. Yet much information is developed through the United States Department of Commerce's Bureau of the Census, the United States Department of Education's National Center for Education Statistics, the United States Department of Health and Human Services' Office of Planning and Evaluation, and other federal departments. Additionally, much information becomes available by state and federal sponsored-research to private firms and universities. Frequently, this information is developed without regard to standard labor market definitions, standard occupational classifications, and without due attention to existing information resources. This frequently results in information that cannot be compared to existing information and thus adds little to our knowledge of the labor market or of the economy.

Recommendation. During the review of legislation that will occur in the reauthorization process, Congress should develop requirements specifying the application of federal standards to all federally-funded information development efforts to assure the uniformity of concepts and definitions.

The primary objective of labor market information is to improve the interaction of employees and employers in local labor markets. It is clearly in the national interest to enhance the efficiency of these local labor markets. It is in this local interest that CETA and Vocational Education responsibilities represent shifts from federal to state and local control. It is in this interest that the Administration and many congressmen and congresswomen have begun to discuss the notion of block granting education, employment and training efforts. This further shift to state and local control will increase, rather decrease, demands for state and locally specific labor market information for allocation of resources, program planning and evaluation, and career planning.

Recommendation. Funding for state and local labor market information programs should be allocated to states through a consolidated grant mechanism. Through such a mechanism, Governors should be responsible for the development and coordination of plans which identify the information needs of education, employment and training, and economic development professionals and activities and arrangements designed to meet those needs.

Primarily in response to federal mandates, education, employment and training agencies have developed management information systems which are designed to facilitate administration, reporting, and assessment of program activities in dealing with program participants in the labor market. These management information systems have potential use in contributing to knowledge about the labor market.

Recommendation. Federal mandates and consequent state development of management information systems for education, employment and training programs should be designed with appropriate regard to the same federal standards as other labor market information programs to assure uniformity and compatability in their use.

Some education, employment and training program management information systems have potential use in analyzing labor markets with more efficiency than existing survey programs. Their use in labor market analysis as well as for program management could occur with minor modification and could result in the elimination of some programs. This would have the effect of reducing the cost of labor market information while increasing their efficiency and effectiveness at national, state, and local levels. Since some of these management information systems are based on private employer reports, their use as labor market information could reduce the burden on employers of responding to government surveys and data requests.

Recommendation. Congress should require federal education, employment and training agencies and their state and local counterparts to use existing and/or modified management information systems as a part of the labor market information system, especially where their use would significantly reduce reporting burdens on employers and the general public.

The recommendations that are posed herein stem from several efforts to examine and improve the nation's labor market information. I would like to point out that many of the problems that I have discussed have been examined in detail by State Occupational Information Coordinating Committees and their national counterpart. Through this system, many approaches have been proposed and are being tested. Further, similar recommendations have been posed through the National Governor's Association in consultation with Employment Security, Vocational Education, and CETA professionals who use and produce labor market information.

In closing, I would like to say that labor market information is not in itself a solution to program or career planning, program management, or evaluation. As these hearings, and the Congress' considerations determine the goals and values that this nation's employment and training system should address, labor market information becomes a critical tool in illuminating, exposing, refining, and advancing program developments to meet the employment and income needs of people in- and outside of the labor market. Labor market information will not replace the need to identify goals and values. It can be an element, however, of a continuous dialogue moving toward the achievement of this nation's goals and values in the work place.

Thank you.

BREVARD ACHIEVEMENT CENTER, INC.
1845 COGSWELL STREET, ROCKLEDGE, FLORIDA 32955

Walter J. Payne
Executive Director

305/ 632-8810
632-8616

July 14, 1981

Mr. Robert Guttman
4230 Dirksen Senate
Office Building
Washington, D. C. 20510

Dear Mr. Guttman:

I regret the loss of the opportunity to address the Senate Subcommittee on Employment and Productivity. Perhaps the Orlando hearing will be rescheduled. If so, I would be honored to express my views in behalf of the National Association of Rehabilitation Facilities, my agency and I believe, our handicapped citizens.

I am forwarding a copy of my statement for inclusion in the Subcommittee records. I am providing Senator Hawkins a copy by separate correspondence.

Respectfully submitted,

Walter J. Payne
Executive Director

cc Senator Paula Hawkins

WJP/brh

Evaluation, Adjustment, Training, Placement, Employment
Physically, Emotionally and Mentally Handicapped Adults.

STATEMENT OF

Walter J. Payne
Executive Director

BREVARD ACHIEVEMENT CENTER
Rockledge, Florida

BEFORE THE

Senate Subcommittee on Employment and Productivity

Dan Quayle
Chairman

Mr. Chairman:

I am appearing before you today on behalf of the Brevard Achievement Center, Inc. of Rockledge, Florida and the National Association of Rehabilitation Facilities. My name is Walter J. Payne and I am Executive Director of Brevard Achievement and a member of the Board of Directors of the Association.

The Brevard Achievement Center is one of some 800 association facility members throughout the United States and Canada. The association is concerned with rehabilitation services for and the employment of handicapped individuals. Member rehabilitation facilities and workshops serve more than 400,000 handicapped people annually with vocational and physical rehabilitation, vocational evaluation, work adjustment, personal and social adjustment, and transitional or extended employment services.

The committee has indicated that the purpose of these hearings is to develop background information before consideration of the appropriate legislative response to the expiration of the Comprehensive Employment and Training Act in 1982.

The committee has included in its exploration of policy issues whether particular groups in the labor force should be the concern of employment policy. I believe, as do my colleagues throughout the country, that a national employment and training policy and the system established under that policy must continue to address the special needs of target populations, especially the handicapped who experience particularly severe disadvantages in the labor market.

In fact, not only should this nation's employment and training policy concern itself with the needs of the handicapped, but such a policy should express a comprehensive national employment policy for the handicapped. The Congress has the opportunity to develop such a policy during this International Year of the Disabled. My statement outlines the elements of a national policy for handicapped Americans.

1. Implementing A Policy Of Employment For The Handicapped

President Reagan, in proclaiming 1981 as the International Year of the Disabled, referred to this Nation's disabled citizens as one of its greatest untapped resources. Representative Murphy, in addressing the House on June 26 stated that this is the year of hope for the disabled. During this year of economic recovery, we would speak well as a nation of compassionate peoples to initiate a policy leading to the realization of this hope into the fulfillment of a dream - the opportunity to participate in the work-a-day world as a tax paying, fully employed member of this nation's work force; the opportunity to be a part of the recovery of our national productivity; the opportunity to be financially independent of public support be it local, state or federal.

Many have succeeded in the realization of this dream as a direct result of federal programs to aid the handicapped. However, independent programs do not constitute a comprehensive policy for employment. We need such a policy. In the most recent publication of The Employment and Training Report by The President (1980), the Department of Labor's Management Information System reported that 181,680 handicapped persons were served in CETA Programs in fiscal 1979. In no case did the percentage of handicapped individuals served exceed eight percent of all participants across programs. In fact, when all Titles under CETA are reviewed, these 181,680 individuals represent only 4.5 percent of the more than 4 million people served in DOL Programs.

There have been impressive gains in public policy and awareness in the past decade. Protection of civil rights of handicapped people has been advanced by Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against handicapped people in any federally assisted activity, and section 503 which prohibits discrimination against handicapped people in employment by most federal contractors.

The Bill of Rights sections of the Developmental Disabilities Act and a similar provision in the Mental Health Systems Act provide Congressional guidelines for the rights of institutionalized individuals. The Small Business Administration through its Handicapped Assistance Loan program has provided the monies for handicapped entrepreneurs to not only put their skills to work but become a member of the small business community. The HAL program has also provided monies for facilities employing the handicapped to expand employment opportunities. For facilities providing sheltered employment, the Javits-Wagner-O' Day program and State Use laws have provided additional employment opportunities, including employment for individuals with severe disabilities, through the acquisition of government contracts for goods and services including the assembly of complex electronic units for missile systems. Community Development Block grants for facilities through the Department of Housing and Urban Development, programs funded under the Vocational Rehabilitation Act, and multiple services provided through CETA have created new opportunities for the handicapped.

Despite these significant gains, handicapped individuals and rehabilitation facilities are dependent on a maze of federal programs which operate independently of each other, each with its unique set of funding requirements, regulations and documentation demands. The quirks found in these systems in addition to frequent changes in social security programs and other public assistance programs make it difficult for handicapped citizens, especially those who are severely handicapped and unskilled, to balance the requirements of daily living with the search for employment.

The challenge of the next decade is to mold these many programs into a comprehensive national employment policy.

To the maximum extent possible, disabled people should have the opportunity to hold jobs in competitive employment. People who are limited in their ability to maintain competitive employment should be able to obtain sheltered employment. Such employment opportunities should be stable and adequately compensated. For many individuals who are severely disabled, rehabilitation facilities are not a medium of transition, but the employer of last resort.

Recommendations

The following recommendations are offered to the subcommittee for consideration of a national employment and training policy for handicapped people:

1. Comprehensive Employment and Training Act

The Comprehensive Employment and Training Act provides funds to prime sponsors and private employers to provide employment and training services to special target populations. Prior to the 1978 Amendments, many prime sponsors gave only minimal consideration to handicapped people or rehabilitation facilities. The accepted view reasoned that this particular population had a low probability of success and would require disproportionate funding. A Department of Labor publication - Work Life magazine - stated in May of 1977 that only 4% of all people enrolled in Title I programs and 2.8% in Public Service Employment programs were handicapped. The article went on to state,

"Despite their great need for employment and training assistance, Americans with physical and mental handicaps received a relatively small share of CETA services."

In an effort to improve employment and training services to handicapped citizens, the Congress amended the Act in 1978. The Act was amended to:

1. include rehabilitation facilities in the definition of community based organizations;
2. include sheltered workshop clients in the definition of unemployed;
3. revised the definition of economically disadvantaged to recognize the low income of most handicapped people;
4. prohibit discrimination based on handicap;

5. revise prime sponsor planning requirements to include a description of services and goals for handicapped people;
6. require prime sponsors to establish an affirmative action program for handicapped people; and
7. provide training and education for personnel working with the handicapped.

These changes have resulted in improved services for handicapped people and increased instruction between prime sponsors and rehabilitation facilities in the realization of employment for those they serve.

However, the full realization of services for all eligible handicapped people is yet to be achieved. A 1980 GAO report, titled, Need To Ensure Nondiscrimination in CETA Programs, noted that:

"At 2 of the 10 sponsors, no handicapped persons were enrolled, (in OJT), although 3.6 and 2 percent, respectively, of the unemployed were handicapped. At seven of the remaining eight sponsors, the handicapped were underserved. For example, at one prime sponsor, the handicapped participation rate was 3 percent and their unemployment rate was 7.5 percent." page 8

"We also found disparities in the extent to which handicapped persons were receiving PSE jobs, although on a much smaller scale. At two of the eight sponsors, the handicapped were receiving 2 percent or less of the PSE jobs, even though they accounted for 3 to 5 percent of the applicants. For example, at one sponsor 5 percent of the applicants were handicapped." Page 9

"The handicapped and people age 45 and older encountered different problems. Several sponsor officials told us that they made no conscious effort to develop OJT programs for the handicapped because they did not consider that CETA was designed to serve such individuals. As a result, the development of OJT positions, such as auto mechanic and machinist, make it difficult for individuals with significant physical handicaps to participate. Furthermore, many employer locations are not accessible to the handicapped." page 19

In considering reauthorization of the CETA Program, we recommend that:

1. the 1978 amendments focusing on eligibility and services to handicapped people be retained;
2. prime sponsors be required to address the needs of the handicapped people when developing programs;
3. retain the Private Industry Councils and Private Sector Initiative Program.
4. Title III, Special National Programs be retained. This title authorizes national employment and training programs to people who face special disadvantages in obtaining employment. This group includes the handicap. Funds under this title have supported several highly successful programs including a national on-the-job training program specifically for handicapped people. Under this program rehabilitation facilities train handicapped people for later employment.
5. Section 205, Participant Assissment, be amended to require coordination of CETA services with services received under the Rehabilitation Act and/or the Education for Handicapped Children Act;

IV. Section 14(c) Fair Labor Standards Act

Since 1938, the Fair Labor Standards Act has included provisions allowing the Secretary of Labor to issue certificates allowing employment of the handicapped workers at wages lower than the statutory minimum. The FLSA Amendments of 1966 set a floor on the amount to be paid handicapped workers of not less than 50% of the higher of the statutory minimum wage or wages commensurate with those paid non-handicapped workers in industry in the vicinity. In addition, the 1966 amendments also provided for certificates for individuals at less than 50% of the applicable minimum wage, for handicapped individuals who are performing work incidental to training and evaluation programs, or for handicapped workers whose earning capacities are so severely impaired that they are unable to be employed in competitive jobs or if they are employed in a work activities center.

The Department of Labor issued regulations reestablishing the terms and conditions authorizing lower minimum wages for handicapped workers employed in competitive industry and in sheltered workshops. They are found at 29 CFR Part 524, _Special Minimum Wages for Handicapped Workers in Competitive Employment_ and Part 525, _Employment of Handicapped Clients in Sheltered Workshops_. Under Part 525, five types of special certificates are issued: regular, work activities center (WAC), evaluation, training and individual rate. In order to receive a certificate, a workshop or work activity center must meet certain eligibility criteria. In determining whether to issue a certificate, the DOL will consider the several criteria pertaining to competition with commerce, wages paid, services available and disabilities of individuals in the workshop. Once issued a certificate, a workshop may pay lower than the statutory minimum for the effective period of the certificate.

In order to receive a WAC certificate, the sheltered workshop or department thereof must meet the regulatory definition of WAC. WAC clients are required to be physically separated from the regular workshop clients. In addition, a WAC does not qualify for a special certificate if its average earnings are above a certain level.

These regulations have the effect of decreasing productivity and work opportunities for handicapped people. The regulations require physical separation of WAC clients from regular sheltered workshop clients. This restriction was written into the regulation in 1966 long before the concept of mainstreaming became accepted public policy through Section 504 of the Rehabilitation Act of 1973 and other laws. A substantial number of facility managers believe that this requirement inhibits productivity by and upward mobility by people in work activity centers.

Facilities holding both types of certificates should be permitted to integrate less productive and more productive workers when the results will be higher productivity and wages. We do not propose to eliminate work activity centers, but rather to allow facilities flexibility in working with WAC clients in helping them achieve higher wages and their rehabilitation goals.

III. Wage Supplements

Individuals who experience severe production limitations frequently depend on their limited earnings and public assistance to maintain some degree of independence. Frequently, this income fails to provide an ever more expensive adequate standard of living. The late Senator Hubert Humphrey recognized this serious problem and introduced the wage supplements for Handicapped Individuals Act as an amendment of the Rehabilitation Act of 1973. The bill would have authorized a demonstration wage supplement program. We urge the Subcommittee to explore the idea of such a demonstration program.

IV. Targeted Jobs Tax Credit

The link between rehabilitation facilties and private industry should be strengthened by establishing incentives to invest in handicapped people and participate in the rehabilitation process.

The targeted jobs tax credit, 26, USC 51 enacted under the Revenue Act of 1978 and extended through this year, provides a wage tax credit for employers who hire individuals from seven target groups. Individuals who are referred to employers from a rehabilitation program qualify as one of these target populations. Although the program has benefited cooperative education students by a far greater degree than other target groups, it has the potential of increasing the employment opportunities of handicapped citizens. Senator Heinz has introduced S.1240 to extend the program for three years.

V. Investment Tax Credits

A major problem experienced by rehabilitation facilities is lack of funds for capital investments. Programs under the Rehabilitation Act for construction and equipment have not been funded in recent years.

Other programs, such as the Community Development Block Grant Program, are highly competitive. Few facilities are able to obtain commercial loans at current interest rates.

Section 38 of the Internal Revenue Code allows businesses a tax credit for investment in certain types of property as set forth in Sections 46-48. We recommend that a similar tax credit be given to businesses when they provide plant and equipment loans to rehabilitation facilities and when they subcontract work to sheltered workshops.

IV. Individual Tax Relief

A portion of handicapped people although able to participate in employment may be physically incapable of completing daily household chores and therefore hire assistants to care for many life functions. This represents an additional expense directly incurred as a result of employment. We recommend that the tax code be amended to:

1) Qualify disabled workers under an amended version of Section 44A of the Tax Code to receive tax credit for household and dependent care expenses related to employment. Representative Shelby proposed these amendments in the 96th Congress as HR 8237.

2) Provide an individual withholding exemption and deduction for all disabled people similar to that allowed to vision impaired individuals.

VII. Urban Job and Enterprise Zone Act

The Congress has under consideration legislation which would establish an entrepreneurial climate in central city neighborhoods through the establishment of tax incentives for small business.

Such activity could provide employment for handicapped residents of the central city. This proposed legislation is found as HR3824.

Thank you, Mr. Chairman, for this opportunity to present our views.

BROWARD EMPLOYMENT & TRAINING ADMINISTRATION
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(305) 765-4545

CHAIRMAN
COMMISSIONER HOWARD C. FORMAN
BOARD OF COUNTY COMMISSIONERS

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CITY OF FORT LAUDERDALE

EXECUTIVE DIRECTOR
ROBERT D. JOHNSTON

CHAIRMAN PRO TEM
MAYOR DAVID R. KEATING
CITY OF HOLLYWOOD

July 15, 1981

Mr. Bob Guttman
Employment and Productivity Subcommittee
4230 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Guttman:

Robert D. Johnston, Broward Employment and Training Administration (BETA) Executive Director, was scheduled to testify before the Senate Subcommittee on Employment and Productivity on Friday, July 17, 1981. Unfortunately, we were notified by Senator Paula Hawkins' office that the subcommittee would not be able to hold hearings on that date and that an alternative date was not being scheduled. We were further advised that Mr. Johnston's testimony could be entered in the CONGRESSIONAL RECORD by sending it to you.

Therefore, please find enclosed with this letter, two (2) copies of Mr. Johnston's testimony. We would appreciate your entering it in the CONGRESSIONAL RECORD and notifying us as to the publication date. While Mr. Johnston would have preferred to send this letter personally, he is out of town serving as Chair of a State Employment & Training Council (SETC) funding committee.

Thank you for your attention to this matter. Should you have any questions regarding this or any other issue, please feel free to contact either me or Mr. Johnston at (305) 765-4545.

Sincerely,

Mason C. Jackson

Mason C. Jackson
Assistant Executive Director

MCJ/LL/ps
Enclosures

AN EQUAL OPPORTUNITY EMPLOYER M/F/H

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I APPRECIATE THIS OPPORTUNITY TO ADDRESS YOU. I AM ROBERT D. (SKIP) JOHNSTON, EXECUTIVE DIRECTOR OF THE BROWARD EMPLOYMENT AND TRAINING ADMINISTRATION (BETA) WHICH IS A CONSORTIUM COMPOSED OF THE CITIES OF HOLLYWOOD AND FORT LAUDERDALE AND THE BOARD OF BROWARD COUNTY COMMISSIONERS, DESIGNED TO ADMINISTER COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA) PROGRAMS IN BROWARD COUNTY, FLORIDA. AS WITH OTHER "PRIME SPONSORS", OUR MAJOR ACTIVITIES FOR THE ECONOMICALLY DISADVANTAGED INCLUDE, BUT ARE NOT LIMITED TO, OCCUPATIONAL SKILLS TRAINING, ON-THE-JOB TRAINING, WORK EXPERIENCE, AND ACADEMIC REMEDIATION. THESE ACTIVITIES ARE DESIGNED AS ECONOMIC INVESTMENTS TO EASE THE TRANSITION OF THE PARTICIPANT POPULATION FROM UNEMPLOYMENT AND WELFARE INTO PERMANENT, UNSUBSIDIZED EMPLOYMENT, ESPECIALLY IN THE PRIVATE SECTOR.

THERE ARE TWO MAJOR POINTS I WANT TO MAKE TO THIS SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY: FIRST, CETA PRIME SPONSORSHIP--LOCAL GOVERNMENTS WITH LOCAL CONTROL AND FLEXIBILITY, WORKS AND WORKS WELL AND SECOND, CETA IS THE MAJOR AND MOST EFFECTIVE ECONOMIC INVESTMENT PROGRAM FOR BOTH OUR UNEMPLOYED POOR PERSONS AND OUR BELEAGUERED TAXPAYERS.

PRIME SPONSORSHIP WORKS BECAUSE IT IS THE MOST RESPONSIVE, FLEXIBLE SYSTEM OF DELIVERING TARGETED ECONOMIC SERVICES TO OUR MOST NEEDY CITIZENS. USING LOCAL ADVISORY GROUPS UNDER THE AUSPICES OF LOCAL GOVERNMENT, EACH COMMUNITY CAN PROVIDE THE JOBS AND TRAINING IT NEEDS MOST--BOTH FOR OUR CLIENTS AND OUR EMPLOYERS. AS PROOF OF THAT STATEMENT, I OFFER OUR RECORD AS BUT ONE EXAMPLE. DESPITE THE 7-YEAR CETA HISTORY OF CHANGING NATIONAL PRIORITIES, NEW LAWS, CONFLICTING REGULATIONS AND ADMINISTRATIVE SUFFOCATION, BETA HAS SERVED, SINCE ITS INCEPTION IN 1973, NEARLY 78,000 ECONOMICALLY DISADVANTAGED INDIVIDUALS WITH 69% OF THESE PARTICIPANTS HAVING "POSITIVE OUTCOMES" BY FEDERAL DEFINITIONS (EMPLOYMENT, RETURN TO SCHOOL, ENTRANCE IN THE MILITARY, ETC.). BETA SERVICES, LIKE THOSE OF OTHER CETA PROGRAMS, HAVE IMPROVED; IN THIS FISCAL YEAR, 83% OF ALL TERMINATIONS ARE POSITIVE. IT SHOULD BE NOTED THAT THESE FIGURES COMBINE SERVICES TO YOUTH AND ADULTS, PROGRAMS TARGETED FOR SOMEWHAT DIFFERENT RESULTS, AS WELL AS BETA'S RECENTLY-ENDED PUBLIC SERVICE EMPLOYMENT (PSE), A PROGRAM NOT WELL DESIGNED TO PRODUCE HIGH PLACEMENT RESULTS. IN ACTUALITY, NEARLY 7 OUT OF 10 OF ALL PERSONS ENTERING OUR PRIMARY TRAINING PROGRAM LAST YEAR GOT JOBS, AT A COST OF ONLY $1,600 PER PERSON. THIS YIELDS AN ENORMOUS BUT INCALCULABLE SUCCESS IN GIVING PEOPLE THE DIGNITY AND WORTH OF A NEW KIND OF LIFE, PERHAPS THE MOST IMPORTANT OUTCOME OF CETA. IT ALSO YIELDS A HIGHLY POSITIVE ECONOMIC RESULT FOR THE TAXPAYER, AS WILL BE EXPLAINED FARTHER ON.

A CAREFUL REVIEW OF MOST PRIME SPONSORS WOULD SHOW SOME VERY ADVANCED MANAGEMENT SYSTEMS. BETA, AS ONE OF THOSE PRIME SPONSORS, HAS BECOME A NATIONALLY RECOGNIZED SERVICE DELIVERER, WITH A PROVEN "TRACK RECORD" IN RESEARCH AND DEVELOPMENT, PROGRAM OPERATIONS, TRAINING, SYSTEM APPLICATIONS, LEGAL PROCEDURES AND OTHER AREAS. AS A RESULT, BETA IS RESPONSIBLE FOR OPERATING MANY INNOVATIVE PROJECTS THAT HAVE BEEN DESIGNATED NATIONAL MODELS. WE HAVE OPERATED PROGRAMS FOR SPECIAL TARGET GROUPS SUCH AS HISPANICS, DISPLACED HOMEMAKERS, WELFARE RECIPIENTS, OFFENDERS, REFUGEES, VETERANS, OLDER WORKERS, WOMEN AND YOUTH. ALL THESE

PROGRAMS HAVE INCLUDED EXTENSIVE RESEARCH AND EVALUATION COMPONENTS BEFORE, DURING, AND AFTER PROGRAM IMPLEMENTATION. WE HAVE LEARNED A LOT, AND WE'RE CURRENTLY USING THIS KNOWLEDGE TO OPERATE BETTER PROGRAMS. OUR COLLEAGUES ARE DOING THE SAME. PROBABLY NO GOVERNMENT "SYSTEM" SHARES INFORMATION SO READILY.

I MIGHT GIVE SOME EXAMPLES OF THE FLEXIBILITY OF OUR LOCAL OPERATION: BETA WAS ABLE TO INITIATE A YOUTH PROGRAM, IN CONJUNCTION WITH SEVERAL LOCAL LABOR UNIONS, WHICH HAS ENABLED YOUTH TO ENTER APPRENTICESHIP AND OTHER JOBS IN THE PRIVATE SECTOR PAYING $5-$7 AN HOUR AFTER ONLY SIX MONTHS OF TRAINING, AT OVER 70% PLACEMENT RATES. WE HAVE PROVIDED UPGRADE TRAINING TO HELP ELECTRONICS EMPLOYERS MEET THE SKILL SCARCITY IN THE ELECTRONIC TECHNICIAN FIELD WITH NO-COST PLACEMENT OF CETA CLIENTS IN THE POSITIONS THUS OPENED UP, AND ASSISTED POOR PEOPLE TO ESTABLISH THEIR OWN BUSINESSES AND BECOME EMPLOYERS THEMSELVES. THESE IDEAS VERY LIKELY WOULD HAVE NEVER SURFACED IN A FAR-REMOVED CONTROLLING BUREAUCRACY.

CETA WORKS THIS WELL BECAUSE LOCAL ELECTED OFFICIALS ARE HELD DIRECTLY ACCOUNTABLE FOR RESULTS. THOSE OFFICIALS KNOW THE NEEDS OF THEIR COMMUNITIES MORE INTIMATELY THAN ANY OTHER GOVERNMENTAL UNIT. THIS SYSTEM MUST BE KEPT IN PLACE. TO START OVER AGAIN IS TO LOSE ENORMOUS AMOUNTS OF "INSTITUTIONAL MEMORY" AND MATURED MANAGEMENT SYSTEMS. SOME CURRENT PROPOSALS FOR "BLOCK GRANTS" WOULD TURN THE SYSTEM OVER TO GOVERNORS. THIS WOULD NOT ONLY REMOVE LOCAL DECISION MAKING BUT WOULD SIGNIFICANTLY SEPARATE THE RELATIONSHIP BETWEEN LABOR MARKET SUPPLY AND DEMAND THROUGH THE CREATION OF YET ANOTHER LAYER OF DISTANT BUREAUCRACY. LESS MONEY WOULD

REACH THE POOR DUE TO INCREASED ADMINISTRATIVE COSTS WHICH MEANS THAT DURING THIS PERIOD OF SCARCE RESOURCES, THE NEEDY WOULD BE EVEN NEEDIER, AND THE TAXPAYER WOULD PAY MORE, NOT LESS FOR WELFARE AND OTHER FORMS OF PUBLIC ASSISTANCE. THIS IS BECAUSE THE FEDERAL GOVERNMENT WOULD UNDOUBTEDLY HOLD THE STATES RESPONSIBLE FOR A VAST INCREASE IN FUNCTIONS NECESSARILY TRANSFERRED FROM REGIONAL OFFICES, WHICH THEY NOW DO NOT "CONTRACT OUT", AS WELL AS FUNCTIONS TRANSFERRED FROM LOCAL PRIME SPONSORS. THERE ARE NOW RELATIVELY FEW FEDERAL EMPLOYEES IN REGIONAL CETA OFFICES. THERE ARE ALSO VERY FEW "PLANNING" AND "ADMINISTRATIVE" STAFF TO LAY OFF (AND THUS SAVE MONEY) IN PRIME SPONSORS, SINCE WE ALL TEND TO SUBSUME MULTIPLE JOBS UNDER A FEW EMPLOYEES. THEREFORE, THERE IS NEITHER AN ECONOMIC NOR A PROGRAMMATIC ARGUMENT FOR STATE CETA BLOCK-GRANTING.

THE CURRENT EMPHASIS IN WASHINGTON ON CUTTING EXPENDITURES IN FEDERALLY FUNDED PROGRAMS COMBINED WITH OVERBLOWN CRITICISM BY THE MEDIA HAS MADE CETA A CONVENIENT TARGET. EFFORTS TO ELIMINATE SELF-PERPETUATING WELFARE PROGRAMS HAVE BEEN LINKED WITH THE ELIMINATION OF CETA, WHICH IS AN UNFORTUNATE ERROR.

CURRENT THINKING IN BOTH THE CONGRESS AND THE ADMINISTRATION OFTEN FAILS TO ACKNOWLEDGE OR APPRECIATE CETA'S ROLE AS A POSITIVE CATALYST THAT ASSISTS OUR UNEMPLOYED CITIZENS TO ENTER THE LABOR FORCE, REDUCES PUBLIC ASSISTANCE OUTLAYS, AND PROMOTES ECONOMIC DEVELOPMENT. CETA IS NOT A "SOCIAL SERVICE", BUT RATHER A VITAL PART OF OUR ECONOMIC SYSTEM FOR INCREASING AND STRENGTHENING THE LABOR FORCE.

DURING THE PAST YEAR, BETA COMPLETED A STUDY ON A GROUP OF OUR OWN PARTICIPANTS, THE RESULTS OF WHICH CAN BE EXTRAPOLATED TO THE CETA SYSTEM AS A WHOLE, INDICATING HIGHLY POSITIVE INVESTMENT OUTCOMES. THE DATA INCLUDED WAGE AND OCCUPATIONAL INFORMATION ABOUT PARTICIPANTS, BOTH BEFORE AND AFTER TRAINING. THE RESULTS OF THIS STUDY PROVIDED VALIDATED "INVESTMENT STATISTICS" WHICH DEMONSTRATE BETA/CETA'S EFFECTIVENESS IN A NUMBER OF SIGNIFICANT AREAS. THE FOLLOWING POSITIVE MEASURES OF EFFECTIVENESS WERE IDENTIFIED IN THIS STUDY OF 3,234 ACTUAL TRAINEES WHO WERE ON PUBLIC ASSISTANCE WHEN THEY CAME TO US (COPY ATTACHED):

1) THERE WAS A REAL INCREASE OF $.90/HOUR IN THE AVERAGE WAGE OF PARTICIPANTS AFTER TRAINING, AN INCREASE NOT ATTRIBUTABLE TO CHANGES IN THE MINIMUM WAGE, INFLATION, OR OTHER NON-TRAINING FACTORS.

2) THERE WAS AN INCREASE AFTER TRAINING OF OVER 30 HOURS PER WEEK IN THE AVERAGE NUMBER OF HOURS WORKED BY OUR PARTICIPANTS.

3) IMMEDIATELY AFTER TRAINING, THE TYPICAL PARTICIPANT WAS QUALIFIED TO RECEIVE SUBSTANTIALLY LESS PUBLIC ASSISTANCE THAN PREVIOUSLY. THIS WOULD DWINDLE DOWN TO NOTHING WITHIN A FEW MONTHS.

4) AFTER TRAINING, THE TYPICAL PARTICIPANT WILL EARN BACK THE EQUIVALENT OF ALL TRAINING COSTS IN 20 WEEKS. IN ACTUAL PAYBACK TERMS, ENOUGH INCOME TAX DOLLARS ARE GENERATED (PAID BACK INTO THE TREASURY) TO REPAY

ALL TRAINING COSTS IN UNDER TWO YEARS. ALL OF THESE FIGURES ARE BASED UPON CLIENTS ATTAINING UNSUBSIDIZED REGULAR EMPLOYMENT.

USING THE AVERAGE TRAINING COSTS AND POST-TRAINING SALARIES WHICH WERE DETERMINED IN THE STUDY, BEFORE TRAINING THESE PEOPLE WERE ELIGIBLE FOR A 100% PUBLIC ASSISTANCE SUBSIDY TOTALLING $18,097,464 ($5,596 AVERAGE PER PERSON). AFTER TRAINING THEY WERE ELIGIBLE FOR A PARTIAL SUBSIDY (REDUCED BY THEIR INCOME) OF ONLY $8,883,798. THE DIFFERENCE OF $9,213,666, REPRESENTS THE AMOUNT OF NON PRODUCTIVE TAX DOLLARS THAT WOULD HAVE BEEN SPENT ON THESE CITIZENS HAD THEY NOT PARTICIPATED IN ONE OF BETA'S PROGRAMS. NATURALLY, THIS FIGURE MUST BE ADJUSTED TO REFLECT THE ONE-TIME TRAINING COSTS OF THESE PARTICIPANTS OF $5,216,442, LOWERING THE IMMEDIATE SAVINGS TO $3,997,224. HOWEVER, THIS ONE-TIME SAVINGS IS VASTLY INCREASED BY LONG-TERM WELFARE REDUCTIONS AND NEW TAXES PAID BY THESE NEWLY PRODUCTIVE CITIZENS.

USING OUR ACTUAL CASES, THE $5,216,442 INCREASE IN TAXPAYER EXPENDITURES CAUSED BY TRAINING THOSE 3,234 INDIVIDUALS IS REVERSED IN ONLY THREE YEARS TO A DECREASE IN TAXPAYER EXPENDITURES OF $26,781,262, MONEY WHICH WOULD HAVE BEEN SPENT IN PUBLIC ASSISTANCE SUPPORT FOR THOSE SAME 3,234 INDIVIDUALS. THIS AMOUNTS TO A NET REDUCTION OF $21,564,820 IN NON-PRODUCTIVE PUBLIC ASSISTANCE EXPENDITURES OVER A PROJECTED THREE YEAR PERIOD. NATURALLY, THIS EXAMPLE CANNOT TAKE IN TO ACCOUNT SMALL FLUCTUATIONS WHICH MIGHT OCCUR DURING THE PROJECTION PERIOD. BUT THE $21 MILLION RETURN IS SO GREAT THAT

THE OUTCOME WOULD STILL BE HIGHLY POSITIVE.

THIS EXAMPLE ONLY ACCOUNTS FOR AN EXTREMELY SMALL PERCENTAGE OF CETA'S PARTICIPANTS. A THREE-YEAR ANALYSIS OF CETA PROGRAMS NATIONWIDE WOULD YIELD SOME STAGGERING FIGURES, WHICH WOULD ONLY BEGIN TO DEMONSTRATE LONG-TERM SAVINGS/RETURNS TO TAXPAYERS. IN ADDITION, THE TAXPAYERS ARE THEN JOINED BY THEIR FORMER TAX-DEPENDENTS WHO NOW CONTRIBUTE TO THE NATIONAL TREASURY AS TAXPAYERS IN THEIR OWN RIGHT. OF COURSE, NONE OF THE ABOVE INCLUDES THE HIGHER VALUE ALSO GAINED BY PROVIDING OUR UNEMPLOYED, ECONOMICALLY DISADVANTAGED CITIZENS WITH THE DIGNITY AND WORTH OF A PERMANENT CAREER, BY RAISING WHOLE FAMILIES OUT OF POVERTY AND EVEN BY IMPROVING THE OVERALL ECONOMIC HEALTH OF OUR COMMUNITIES. OUR PURPOSE HERE IS SIMPLY TO DEMONSTRATE THAT CETA IS A GOOD INVESTMENT. IN FACT, IT IS AN INVESTMENT PROPOSITION UNMATCHED BY ANY GOVERNMENT PROGRAM AND FEW PRIVATE SECTOR ORGANIZATIONS.

LIKEWISE, THE LABOR MARKET ALSO BENEFITS WITH FORMER "UNEMPLOYED" AND "NOT IN THE LABOR FORCE" INDIVIDUALS NOW ENTERING THE LABOR MARKET AS PRODUCTIVE MEMBERS OF SOCIETY. THUS EMPLOYERS GAIN A DOUBLE BENEFIT FROM THEIR CETA PROGRAMS; FIRST AS TAXPAYERS AND THEN AS EMPLOYERS OF THESE NEW, PRODUCTIVE WORKERS.

BETA HAS BEEN HIGHLY SUCCESSFUL IN WORKING WITH BROWARD COUNTY'S PRIVATE SECTOR BECAUSE THESE BUSINESS MEN AND WOMEN HAVE ACTUALLY EXPERIENCED THE ECONOMIC INVESTMENT RESULTS OUTLINED ABOVE. IN FACT, THROUGH ACTUALLY OPERATING TRAINING PROGRAMS, THEY PRODUCED A PART OF THE RESULTS THEMSELVES. I AM ASKED TO REPORT THAT OUR PRIVATE INDUSTRY

COUNCIL, FORMED TO OPERATE OUR TITLE VII PRIVATE SECTOR INITIATIVE PROGRAM (PSIP), IS ALARMED BY THE RECENT LEGISLATIVE PROPOSALS WHICH WOULD APPARENTLY REDUCE FUNDS IN THIS PRIVATE SECTOR PROGRAM BY 40%. PSIP GETS TO THE HEART OF WHAT CETA IS AND SHOULD CONTINUE TO BE: A PROGRAM WHICH WORKS WITH THE PRIVATE SECTOR WHERE 80% OF THE JOBS EXIST. THIS IMPORTANT PROJECT CANNOT BEAR A 40% CUT AND STILL DEVELOP AS THE STRONGEST AND MOST VITAL ELEMENT IN TRAINING OUR UNEMPLOYABLE CITIZENS FOR PRODUCTIVE LIVES.

WE WOULD, AND INDEED HAVE, PROPOSED A CONCEPT WHICH IS REFLECTED IN THE WRITTEN POSITIONS OF THE NATIONAL ASSOCIATION OF COUNTIES AND UNITED STATES CONFERENCE OF MAYORS, BOTH OF WHOM ADVOCATE A SINGLE CETA TITLE WITH SPECIAL ATTENTION TO YOUTH, MAINTAINING THE PRIME SPONSOR SYSTEM, WITH COMMUNITY RECOMMENDATIONS FLOWING TO THE LOCAL ELECTED OFFICIALS FROM A SINGLE ADVISORY COMMITTEE COMPOSED OF A MAJORITY OF PRIVATE SECTOR EMPLOYERS. OUR CONCEPT HAS BEEN TRANSLATED INTO A BILL (COPY ATTACHED) AT THE REQUEST OF CONGRESSMAN E. CLAY SHAW (R-FLA). THIS APPROACH CONTAINS PROVISIONS FOR ONE SET OF ELIGIBILITY CRITERIA, STREAMLINED REGULATIONS AND REPORTING, AND TWO-TIERED BLOCK GRANT FORMULA FUNDING.

SUCH A SIMPLIFIED, STREAMLINED APPROACH TO SERVING THE UNEMPLOYED, EMPLOYERS, AND TAXPAYERS IN GENERAL IS OUR CONCEPT OF HOW TO PROVIDE THE MOST EFFECTIVE ASSISTANCE TO OUR POOR AND THE ECONOMY AS A WHOLE. IT WOULD ENABLE US TO CONTINUE AND AMPLIFY OUR ECONOMIC DEVELOPMENT/INVESTMENT ACTIVITIES AT AN EVEN HIGHER RATE OF RETURN THAN WE NOW EXPERIENCE.

IN SUMMARY, CETA WORKS. OUR CLIENTS WORK, TAKING THEIR PLACE AS TAXPAYERS AND STRENGTHENING THE NATIONAL LABOR POOL. BUSINESS WORKS BETTER BECAUSE OF THIS NEW RESOURCE OF TRAINED WORKERS. THE FEDERAL GOVERNMENT WORKS BETTER BECAUSE IT SAVES SCARCE DOLLARS WHILE MEETING VITAL NATIONAL GOALS. LOCAL GOVERNMENTS WORK BETTER BECAUSE THEY HAVE ADDITIONAL SOLUTIONS TO WELFARE, CRIME, POVERTY, AND ATTENDANT ECONOMIC AND SOCIAL PROBLEMS. STRENGTHEN THE SYSTEM AND IT WILL CONTINUE TO WORK--EVEN BETTER.

An Idea Paper
from
The Florida Training Institute

CETA AS AN ECONOMIC INVESTMENT

● BROWARD EMPLOYMENT & TRAINING ADMINISTRATION ●
· FORT LAUDERDALE, FLORIDA ·

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CETA AS AN ECONOMIC INVESTMENT

JUNE 25, 1981

The current emphasis in Washington on cutting expenditures in federally funded programs has made CETA a convenient target. Efforts to eliminate self-perpetuating welfare programs have been linked with the elimination of CETA, which is an unfortunate error. Cuts in CETA funding will have a negative impact on the taxpayer and potential CETA participants.

Current thinking in both the Congress and the Administration fails to acknowledge or appreciate CETA's role as a positive catalyst, assisting the unemployed into the labor force, reducing Public Assistance outlays, and promoting Economic Development.

During the past year, the Broward Employment and Training Administration (BETA) completed an evaluation of the impact on a group of its own participants, which can be extrapolated to the CETA system as a whole, indicating a positive investment outcome. Data from BETA's automated Management Information System (MIS) was used for the study, which included wage and occupational information about participants, both before and after training. The results of this study provided validated "investment statistics" which demonstrate BETA/CETA's effectiveness in a number of significant areas. This paper summarizes our technical report, entitled "BETA's Cost-Benefit Study", which can be obtained at no cost by writing us.

The findings of this study should foster some discussion about the merits of CETA as well as provide some basis for comparison with proposed alternatives.

Our primary goal is to assist participants from being welfare or other public assistance recipients, to being productive members of the unsubsidized labor force. To demonstrate effectiveness in this area, a number of investment statistics were derived from the findings in our study. The following positive measures of effectiveness were identified:

1) There was a real increase of $.90/hour in the average wage after training, which cannot be attributed to changes in the minimum wage, inflation, or other non-training factors.

2) There was an increase after training of over 30 hours per week in the average number of hours worked.

3) After training, the average participant immediately qualified for substantially less public assistance, and even this would zero out over a relatively short time.

4) After training, the average participant earned back his training costs in 20 weeks, and generated enough tax dollars to equal his training costs (i.e., repaid the public) in just under two years.

A number of other effects caused by cutting current CETA training programs will be described in the last section by using valid examples and graphs for illustration. The information here is intended to convey the meaning of the various measures of effectiveness which were identified. The Wage and Hours Per Week measures were used to determine an after-training income of $7,029.88 which can be compared to the before-training income of $2,910.96 per year. The difference in average earnings was adjusted to reflect any changes in purchasing power caused by inflation. In addition, the fact that the average length of time spent in a training program was less than one year, as well as consideration of the substantially increased income factor, causes us to further conclude that this change was not caused by minimum wage increases. Using this information, an important investment statistic was derived, specifically the taxpayer's Rate of Return on his/her investment in participants' training. Using the average training cost per participant (calculated in our study to be $1,613.00) as our measure of the taxpayer's CETA investment, and using the difference in earnings as our measure of return, we calculated a rate of return of just over 250%. This "return" is of course to the participant and not to the taxpayer, but further analysis reveals that it generates actual dollar recoveries to the taxpayer, which may be equated with traditional (and successful) investment outcomes. That analysis is presented below.

Unlike traditional investments, the returns being generated are, of course, not going back to the individual taxpayers who were the original investors. However, they are going into the taxpayers' Treasury, replacing what had previously been removed. Two methods of repayment are discussed in our study, the first dealing with reductions in non-productive public assistance (a savings to taxpayers), the second dealing with "paybacks" made directly into the tax base (an increase of receipts lowering the increased taxes each person must pay). The first is based on the substantial increase in earnings which automatically reduces the amount of public assistance participants can receive. The following actual case is presented for illustration:

> In 1977 a mother of two pre-school children received public assistance in the form of AFDC, Food Stamps, a housing subsidy, and medical care. Unskilled, her opportunities for employment were limited. The woman lacked job seeking skills, and the ability to cope with the stress of holding a job. She needed counseling services, as well as training, if her entry into the labor market was going to be a meaningful and permanent one. This woman received these services at BETA, completed her training and found unsubsidized employment. Initially, her annual salary was only $7,029.00, however, as an entry level secretary this woman was optimistic about earning more in the near future. Her salary immediately reduced her need for public assistance.
>
> Figure 1 illustrates this woman's sources of income before and after training in BETA. After training, she was still eligible for a small amount

of public assistance based on her earnings. Prior to training, however, public assistance in the amount of $5,596.68 had been her total source of income. As an employed person with a low initial income, she was eligible for only half of this. It should also be noted that nearly all of the remaining public assistance was a public housing subsidy ($1,920). Very few persons actually receive this, and thus a typical case would reveal only $828 in remaining public assistance (Food Stamp) eligibility, an 85% reduction in benefits.

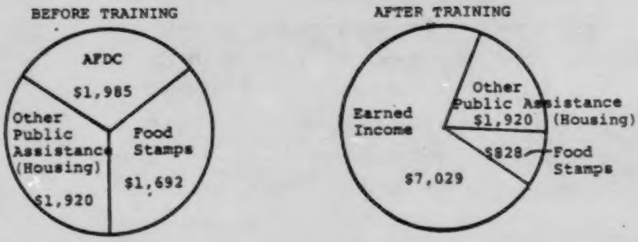

FIGURE 1: Sources and Amounts of Income, Before and After Training

The impact of this example can be described more effectively if one looks at overall BETA figures. During FY '80, BETA served 3,234 people whose case histories resembled the example. Using the average training costs and post-training salaries which were determined in the study, before training these people were eligible for a 100% subsidy in the amount of $18,097,464. After training they were eligible for a partial subsidy (based on their earnings) of $8,883,798. The difference of $9,213,666, represents the amount of tax dollars that would have been spent on these citizens, had they not participated in one of BETA's programs. Naturally this figure must be adjusted to reflect the one-time training costs of these participants of $5,216,442, lowering the immediate savings to $3,997,224. One must recall, however, that this one-time training cost will be offset by a long-term reduction in public assistance. Figure 2 demonstrates this point using a three year time period (FY '80 - FY '83), during which time the participants' annual incomes increase to an assumed $11,000 per year (based upon our experience) and public assistance drops to zero.

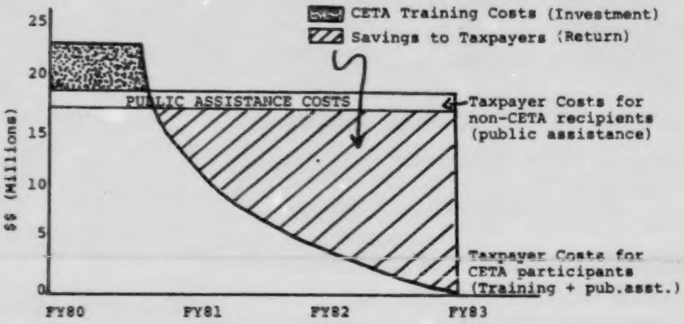

FIGURE 2: Taxpayers Costs and Savings in CETA

Figure 2 illustrates the level of taxes which must be expended on trained versus untrained AFDC participants over a three year period and shows the manner in which tax expenditures change over time. During the training year, taxpayers add to their expenditures; however, this is more than offset by a reduction in expenditures (savings) during the participant's employment years. In the example, the $5,216,442 increase in tax expenditures caused by training, is offset in subsequent years by a decrease in Tax expenditures of $26,781,262. This amounts to an overall reduction of $21,564,820.

This example only accounts for an extremely small percentage of CETA's participants. A three-year analysis of CETA programs nationwide would yield some staggering figures, which would only begin to demonstrate long-term savings/returns to taxpayers. This topic, however, goes beyond our immediate purpose to demonstrate that CETA training costs should be measured against substantial savings which occur over time, and thus defined as a highly successful Economic Investment.

The second repayment calculation is based on a "Payback" concept. The previous calculation used income only to determine the amount of the reduction in public assistance. This calculation deals directly with new taxes paid on income as a result of training. Using the example presented in the previous section, 3,234 AFDC participants with an average annual salary of $7,029 will pay approximately $843.44 per person in income taxes, during the first year of employment. The payback of training costs (approximately $1,600 per person) will thus take 1.9 years. If salaries increase over a two year period to the projected $11,000, the payback period will be reduced to 1.5 years. Either payback period is short enough in time to provide taxpayers with a reasonable expectation of getting their original investment back. After the payback is completed, the participants can legitimately claim to have expensed their own training. The rate of return, therefore, is the estimated 250% of the original investment by the first group of taxpayers.

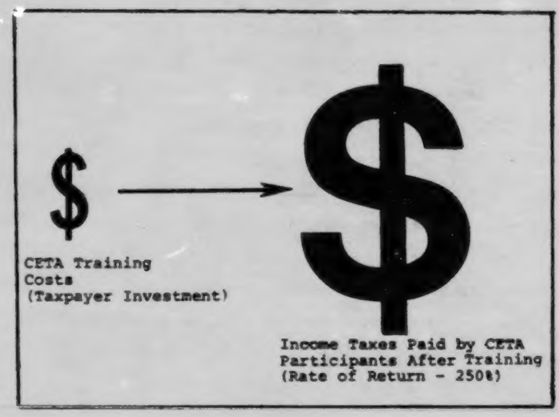
$
CETA Training Costs (Taxpayer Investment)
$
Income Taxes Paid by CETA Participants After Training (Rate of Return - 250%)

FIGURE 3: Taxpayers' Rate of Return on CETA Investment

Therefore, while the American taxpayers must bear the initial burden of providing training to the CETA participants, the taxpayers also reap the rewards of lower public assistance costs to these same participants. In addition, the taxpayers are then joined by the former participants who now contribute to the National Treasury as well.

In demonstrating the two preceding methods by which taxpayers' dollars are eventually returned to the Treasury, it becomes clear that both taxpayers and participants benefit directly from the training through CETA programs. Of course, none of the above includes the higher value also gained by providing our unemployed, economically disadvantaged citizens with the dignity and worth of a permanent career, by raising whole families out of poverty and even by improving the economic health of our communities. Our purpose here was simply to demonstrate that CETA is a good investment.

Every CETA program has similar stories. If all CETA operators would prepare and disseminate this information, even the most conservative taxpayers could not rationally argue against our success. BETA, operating as the Florida Training Institute, will be glad to provide technical assistance to Prime Sponsors or others wishing to carry out cost/benefit studies of their own.

Robert D. Johnston,
Executive Director

Susan J. Nealen,
R&D Supervisor

June 15, 1981

A BILL

To establish a program of Federal grants to encourage the employment and training of unemployed individuals

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Economic Services Block Grant of 1981".

STATEMENT OF PURPOSE

SECTION 2. The Secretary shall establish and administer an employment and training program which shall provide and assure opportunities for employment and training to unemployed, underemployed, and economically disadvantaged persons, so as to lead to maximum employment opportunities and enhance self-sufficiency by the establishment of a responsive, decentralized system of federal, state, and local programs.

Each Prime Sponsor shall establish a planning council which shall be the Private Industry Council.

AUTHORITY OF SECRETARY TO PROVIDE SERVICES/REALLOCATION

A. Prime Sponsors

A prime sponsor shall be defined as a unit of local government with a population of 100,000 or more or an appointed agency as per paragraph B.

B. In any area of a state which does not qualify as a prime sponsor, or for which no local government elects to be a prime sponsor, which results in such services not being provided in such area, the Secretary is authorized and directed out of funds allotted to such state or local area to provide for continuing programs by making payments directly to public and private nonprofit agencies and organizations conducting activities which he determines are not in violation of the requirements of this section. To the extent necessary to assure the delivery of services in the areas served by any prime sponsor subject to the provision of this section, the Secretary is authorized to make grants to enter into contracts with public and private nonprofit agencies and organizations in the same manner and to the same extent as if the Secretary were the prime sponsor for that area.

COMPREHENSIVE ECONOMIC SERVICES PLAN

SECTION 3. (a) In order to receive financial assistance under this Act, a prime sponsor designated under Section 4 shall submit to the Secretary a comprehensive economic services plan every three (3) years. In the event that additional funding (discretionary or countercyclical) is allocated to the prime sponsor for a period of time within the three (3) year plan period, a supplement to the plan shall be submitted. Such plan shall consist of two major sections describing the economic conditions of the area and the prime sponsor's administrative arrangements to assure that each annual program is designed and implemented in a manner best suited to such conditions and in a manner consistent with the requirements of this Act. The formulation of such plan by the prime sponsor shall involve the active participation of the prime sponsor's advisory council. The plan shall be limited to include:

(1) an analysis of the area to be served including geographic and demographic characteristics of significant segments of the population to be served (with data indicating the number of potential eligible participants and their income and employment status);

(2) a description of methods to assure training is provided in areas for which there is labor market demand.

(3) the methods and institutional arrangements which will be used to coordinate services and benefits under

the Act with those of the Trade Readjustment Act, Unemployment Compensation Insurance, Wagner Pyser and other programs operated through grants from the Department of Health and Human Services, Department of Agriculture, Department of Commerce, Department of Housing and Urban Development, and Department of Education;

(4) the methods which will be used to select sub-contractors;

(5) the procedures for the establishment of the Private Industry Council which shall have 50% of the membership representing private employers and any auxillary advisory boards;

(6) a description of the arrangements to assure that employment and training services will be provided to those most in need, including low-income persons, youth, handicapped individuals, veterans, offenders, displaced homemakers, and welfare recipients, and that non-discrimination and equal employment opportunities are provided. Where the above groups are not served according to their incidence in the eligible population, a rationale shall be provided.

(7) a statement that the prime sponsor shall comply with federal affirmative action, equal employment opportunities and personnel guidelines.

(8) a description of the proposed activities and services, performance goals, and proposed budget;

(9) a description of wage rates, salaries, fringe benefits, allowances to be paid to participants;

(10) the method for determining priorities for service; and

(b) The Secretary shall establish procedures for submittal, approval, and implementation of changes in the plan, together with any reports required under this Act, not more than once each fiscal quarter.

REVIEW OF PLANS

SECTION 4. (a) Each prime sponsor shall make its plan available to all parties expressing written interest simultaneous with submission to the Secretary;

(b) The Secretary shall review each plan to determine whether it is complete, whether it meets the requirements of this Act and the regulations promulgated under this Act and other applicable law. The Secretary shall require the prime sponsor to take such action as is necessary to bring its plan and programs into conformance with the Act.

(c) The Secretary may disapprove any plan that does not fully satisfy the review under subsection (b), after 60 days has been given to the prime sponsor to remedy any defect found in the plan and the prime sponsor has failed to do so;

(d) The Secretary shall establish a date for the submission of such annual plan by March 31 preceding the fiscal year for which an annual plan is to take effect. The Secretary shall deliver to each prime sponsor a complete and final set of all applicable regulations, all necessary application material, and preliminary planning estimates for formula funded allocations by May 15 preceding the fiscal year of which an annual plan is to take effect; and

(e) During the period between May 15 and the date of submittal of the plan, the Secretary shall not issue any regulations, guidelines, or interpretations thereof that require any change in the prime sponsor's plan.

COMPLAINTS AND SANCTIONS

SECTION 5. All prime sponsors shall institute a fair and impartial procedure at the local level which provides for a due process hearing to anyone who is or may be a beneficiary under the grant, and who wishes to lodge a complaint citing to a violation of this act.

DUTIES OF THE SECRETARY

SECTION 6. (a) The Secretary, in accordance with this Act, shall--

(1) gather and compile such statistics as may be necessary to carry out this Act;

(2) accept applications for and distribute grants;

(3) make the reports referred to in Section 10; and

(4) perform any other function otherwise authorized under this Act.

(b) The Secretary may make, amend, and rescind such regulations, and define such terms which are not otherwise defined in this Act, as may be necessary to carry out this Act.

PRIVATE INDUSTRY COUNCIL

SECTION 7. Private Industry Councils shall act as planning councils for prime sponsors. They may also operate programs for a prime sponsor and they may give technical assistance and counsel as requested. The Powers of the Private Industry Council shall be determined by the prime sponsor.

AUTHORIZATION OF APPROPRIATIONS

SECTION 8. Deferred to Congressman Shaw.

WAGES AND ALLOWANCES

SECTION 9. (a) The prime sponsor shall establish an allowance plan for individuals receiving training. The allowance plan shall delineate the coordination of allowances paid under the Act with Unemployment Insurance, AFDC, General Assistance and other federal, state, and local economic benefits.

(b) The Act shall not preclude allowance incentives or variable allowances which raise over the course or training nor shall the Act require allowances to be equal to the minimum wage.

REPORTS

SECTION 10. The Secretary shall make such reports and recommendations to the President as the Secretary deems appropriate pertaining to employment and occupational requirements, resources, use, and training by January 1 of each year. The first such report submitted after the effective date of the Economic Services Block Grant Act shall include recommendations with respect to necessary legislative or administrative changes required to facilitate coordinative linkages with other departments.

ALLOCATION OF FUNDS

SECTION 11. (a) Ninety percent (90%) of the amount available in fiscal years 1983, 1984, and 1985 shall be allocated as follows:

(1) Seventy percent (70%) of the amount allocated under this paragraph shall be allocated to each prime sponsor on the basis of the sums received under Title II of the Comprehensive Employment and Training Act of 1978 compared to the sums received by all prime sponsors under such title in the fiscal year 1981; and

(2) Thirty percent (30%) of the amount allocated under this paragraph shall be allocated to each prime sponsor on the basis of the relative number of adults in families with an annual income below the poverty income level within the jurisdiction of the prime sponsor compared to such total numbers in all such jurisdictions.

(b) Five percent (5%) of the amount available shall be available in the Secretary's discretion to be distributed for Native Americans and Migrants' programs.

(c) Five percent (5%) of the amount available shall be available in the Secretary's discretion to be distributed for demonstration programs which research the reduction of public assitance expenditures.

SECTION 12. (a) Countercylical funding will be provided to prime sponsors who qualify by having an unemployment rate of 6.5% for four consecutive months in their jurisdictions. This funding will be added to the basic grant and may not replace activities conducted under the basic grant.

LIMITATION ON THE USE OF FUNDS

SECTION 13. (a) For prime sponsors or other designated recipients who receive Basic Grants of $2,000,000 or less in a fiscal year--

(1) up to 25% of the amount allocated may be designated for the use of administrative costs;

(2) up to 10% of the amount allocated may be designated for economic development and employment generating services;

(3) a minimum of 70% of the amounts allocated must be used for direct services to the participants.

(b) For prime sponsors or other designated recipients who receive Basic Grants of more than $2,000,000 in a fiscal year--

(1) up to 20% of the amount allocated may be designated for the use of administrative costs;

(2) up to 10% of the funds allocated may be designated for economic development employment generating services; and

(3) a minimum of 70% of the funds shall be used for direct services to the participants.

EMPLOYMENT AND TRAINING SERVICES

SECTION 14. Direct services to the participants are limited to the following:

(a) job search assistance, including orientation, counseling, and referral to appropriate employment and training opportunities;

(b) outreach to make persons aware of the availability of, and to encourage them to use, employment and training opportunities;

(c) supported work programs or activities;

(d) educational and institutional skill training to prepare persons to enter the labor market, or to qualify for more productive job opportunities and increased earnings;

(e) on-the-job training and training leading to self-employment in small business;

(f) work experience programs providing employment opportunities for eligible individuals unable to attain employment with public or private sector employers which shall be designed to increase the employability of the participants through development of work habits, occupational skills, and linkages with other training programs, or to provide temporary employment to individuals who are seeking suitable placement in classroom training or on-the-job training;

(g) payments or other inducements to public or private employers to expand job opportunities;

(h) services to individuals to enable them to retain employment;

(i) supportive services, including, but not limited to, necessary health care, child care, residential support, or assitance in transportation, needed to enable individuals to participate in employment and training;

(j) payment of allowances to persons in training for which they receive no remuneration, and payment of such allowances for transportation, subsistance, or other expenses incurrred in training and employment;

(k) public sector job creation in accordance only with Section 12(g) and Section 16.

(l) occupational upgrading, for individuals operating at less than their full skill potential, primarily those in entry level positions or positions with little normal advancement opportunities. In any upgrading program--

(1) the positions for which employees are being upgraded shall be positions not regularly available to entry level employees, and for which adequately trained persons are not available;

(2) the selection of employees for upgrading shall be based upon potential and the lack of availability for advancement in a normal promotional line;

(3) the education and skill training content of the upgrading program shall provide employees with a reasonable progression resulting in qualifications for a recognized position of greater skill, responsibility, remuneration, or career advancement in the service of that employer;

(4) the program shall be designed, to the extent feasible, so that additional vacancies are created for new entry level employees;

(5) compensation shall be paid by the employer at reasonable rates;

(6) successful completion shall be expected to result in employment with the employer in the occupation for which the employee has been upgraded and at not less than the prevailing wages.

(m) retraining, for individuals receiving TRA assistance, or who have previously received a bona fide notice of impending layoff, and who are determined, pursuant to the regulations of the Secretary, to have little opportunity to be reemployed in the same or equivalent occupation or skill level within the labor market area.

ECONOMIC DEVELOPMENT ACTIVITIES

SECTION 15. Economic development and employment generating services are limited to the following:

(a) activities which are designed to expand net employment in the prime sponsor jurisdiction;

(b) activities which assist in the development of business and are operated by or primarily employ disadvantaged persons; and

(c) activities which coordinate ESBG with the Employment Initiatives program.

COUNTERCYLICAL ENTITLEMENTS

SECTION 16. (a) it is the purpose of this program to provide for temporary subsidized employment during periods of high unemployment. When the local rate of unemployment is in excess of 6.5% for four consecutive months, a prime sponsor may receive funds on a one year basis to be used to promote employment. Such funds shall be added to the block grant.

(b) These funds shall be used for Public Sector Job Creation activities only when the prime sponsor and its Private Industry Council certify to the Secretary that the local sector job market cannot absorb additional trainees.

(c) Prime sponsors shall be encouraged to provide retraining programs with these funds.

(d) Individuals employed in Public Sector Job Creation under this program shall be paid wages in accordance with the local prevailing wage rate in their occupations.

ELIGIBILITY

SECTION 17. To be eligible for enrollment in an ESBG program, a person must be;

(a) economically disadvantaged, and

(b) unemployed, underemployed or in school, and

For any programs directed solely toward youth, an enrollee shall be at least 16 years of age or in school except for summer employment programs wherein the minimum entry age shall be 14 years of age, or

(c) any recipient of state or federal welfare monies, Food Stamp Act monies, Disability income or an exhaustee of Unemployment Insurance benefits without intervening employment; a recipient of benefits under the Trade Readjustment Act, who has been certified in need of retraining; an employee who has been laid off from a plant which has permanently closed and whose skills are not transferrable to another employer within 25 miles, or who is under proceedings of the Criminal Justice System for other than misdemeanor offenses, or who has not had intervening employment since prior release from an institution or a handicapped person or veteran without intervening employment or a displaced homemaker shall be eligible for participation in these programs.

ECONOMICALLY DISADVANTAGED

SECTION 18. Economically disadvantaged shall be defined as having a family income below 90% of the Bureau of Labor Statistics Lower Living Standard.

AUDITS

SECTION 19. In order to assure that funds provided under this Act are used in accordance with its provisions, each recipient shall--

(1) use such fiscal, audit, and accounting procedures as may be necessary to assure (a) proper accounting for payments received by it, and (b) proper disbursement

of such payments;

(2) provide to the Secretary and the Comptroller General of the United States access to, and the right to examine any books, documents, papers, or records as he requires; and

(3) make such reports to the Secretary or the Comptroller General of the United States as he requires.

Maricopa County Skill Center

July 17, 1981

Mr. Bob Gutman, Administrative Aide
Senate Subcommittee on
Employment and Productivity
4230 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Gutman:

Since I am unable to testify in person before the Senate Subcommittee on Employment and Productivity on August 4 and 5, I respectfully request that the enclosed testimony be included in the record.

If I can be of further assistance, please contact me.

Cordially yours,

Jack F. Riddle

JACK F. RIDDLE, Director

JFR/mte

Enclosures (2)

Jack F. Riddle, *Director* **4118 East Wood Street, Phoenix, Arizona 85040, (602) 243-4141** Louis E. Dale, *Assistant Director*
a part of Rio Salado Community College

STATEMENT
OF
JACK F. RIDDLE
DIRECTOR
MARICOPA COUNTY SKILL CENTER
PHOENIX, ARIZONA

BEFORE THE
SENATE SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY

CHAIRMAN

THE HONORABLE DAN QUAYLE

AUGUST 4 and 5, 1981

EMPLOYMENT AND TRAINING POLICY QUESTIONS

1. *What are the appropriate objectives of employment and training policy?*

In a democratic society, the basic premise of access to work and the right to choose employment are fundamental. Unfortunately, there is no clear distinction between "Employment" versus "Training" or "Education" policy. The health and wealth of the nation is dependent on the productivity of its citizens; therefore, policies affecting these critical issues must be examined with the utmost care. To arrive at the appropriate policy, the first priority will be the crucial factor of "why" do we have employment and training policy.

Federal legislation in the last seventy years has established the pattern of equal opportunity for entry into the labor force.

Human resource development is affected by both economic and social policy. The investment of resources in individuals versus capital and research is very complicated and it is extremely difficult to measure the return to society on a short-term basis.

The potential decision of allocating resources to youth versus adult, employed versus unemployed, disadvantaged versus the highly motivated, the entry level versus the skilled journeyman will vary with economic needs of the country. Private industry in most cases is in the profit-making business and is not equipped for or interested in providing the training.

The economic efficiency of education in the change of worker productivity must be recognized for its value in changing the end product. The employment and training policies of the last decade have relied mainly on income transfer rather than training. In the analysis of CETA expenditures, resources were channeled into public service jobs, training allowances and support services with a minimum in the cost of actual training. Resources, if they are to make a difference, must be put on the training side of the scale. If the quality and quantity of the skilled work force is to be improved and productivity increased, then the investment in the actual training—not in-service training—must be increased.

The importance of training as an instrument of change must be recognized.

Will vocational education reduce the overall unemployment rate? In both the short- and long-term events, the only answer can be yes. An individual with vocational skills is in demand in both the public and private sectors. In an examination of those individuals on the welfare system or in corrections, the common denominator is the lack of skills. If there is an availability of a skilled work force, that is the beginning of economic development. The need for resources to vocational education are paramount to success.

2. *What are the best methods for carrying out the objectives of employment and training policy?*

The alternatives in employment and training policy can take a variety of channels in the stream of economic recovery. Tax credit in conjunction with vocational education has been one of the most resourceful methods.

Will the investment of dollars in tax credit with related vocational training bring down the unemployment rate? Will the investment in a six-month training program of the entry-level training be the same value as a "job bank" identifying the availability of jobs? Will the work incentive training program without quality vocational education reduce welfare costs in the long run?

The original concept of CETA legislation was to establish prime sponsors at the local level and make local decisions on employment and training. In choosing, if necessary, between changing the supply or demand of human resources, the future should be an investment on the supply side.

By having individuals in training for a four-hour block, and in employment for four hours, the number of individuals trained could be doubled, and the costs cut in half, plus increasing tax income* The final product would be better skills, control of punctuality, maximizing motivation and accelerated productivity.

3. *Should particular groups in the labor force be the concern of employment and training policy?*

Targeting federal funds into vocational education will maximize return in the investment over the long pull in the work force. The majority of taxes come from the employed worker. For the unskilled and unemployed, vocational education is the passport to full employment. For the displaced homemaker, it is the path to a career choice. For the incarcerated, it is the opportunity to again contribute to society. For the welfare client, it is a way of breaking the poverty cycle. Vocational education in many ways is like the warmth of the morning sun, you can exist without it, but you will not continue to grow in a competitive society.

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* *See Maricopa County Skill Center Research Study, p. iii, ¶6; and p. 4, ¶s 2 & 3. (Copy of Research Study attached hereto.)*

4. *What are the appropriate relationships between federal, state and local governments in the funding, design and administration of employment and training programs?*

The primary relationship among the three levels should be one of interdependence on one another and the understanding of the scope of responsibility among those in authority. The flow of communication must be immediate and understandable. In addition, there must be an element of trust if there is to be an acceptance of mutual objectives.

Revitalization of the economy in a free nation requires all elements to work in consent with one another. One common element is to maximize utilization in all systems in the vocational education process. Vocational education is a precise science of transferring skills and knowledge from individual to individual. How it is done can take many routes. It can be apprenticeship, classroom training, on-the-job training or any combination. It can be through the public or private education system. It can be long or short or a lifetime. It is the molding of skills and abilities into a process that can be absorbed into a functioning result. It must be recognized that this process requires resources from the local, state and federal levels.

5. *What is the appropriate role of the private sector in the design and implementation of employment and training policy?*

The ramifications of the role of the private sector in the design of the training policy can be as varied as the number of businesses in a community. One thing in common with employers is that they all want the best employee they can get for the price they can afford to pay. In the vocational education arena, the strength of the program relys on the contributions from management and labor.

A contribution of the private sector is the role of employer in the cooperative training or internships of vocational students. The actual experience in the reinforcement of learned skills produces a better and more satisfied employee.

Each year millions are expended on job advertising; whereas, an employer, through co-op programs, can hire an employee motivated to learn with a minimum of risk and capital expended. Expanded career information, developed loyalty and a chance to learn or experience the alternatives between education and work are expanded by employer participation.

Private sector involvement means open communication and understanding of the education process. It means recognition of the value of education through adequate remuneration for the skills required.

6. *Can the diverse sets of programs which constitute the employment and training program be coordinated?*

The common point of misunderstanding and distrust in employment and training programs is the confusion between income transfer and the actual providing of service. In some circles CETA became a four-letter word because in many cases the process was abused. Major cities laid off individuals and hired them back under CETA to save local tax dollars. These on-the-job programs provided cheap labor; vocational training programs were provided by unqualified and untrained instructors. Competency-based instruction was provided with very little competency.

In trying to understand the mix of training methods, one has to differentiate among training, transfer payments and the purchase of services. Under CETA, prime sponsors purchase vocational training and support services from vocational institutions, private schools, skill centers, community colleges or community-based organizations. They also give an allowance to students attending school.

In the variety of needs to be satisfied, it is obvious that a coordination factor be provided. It is also recognized that for the major delivery of services, vocational education will need sufficient resources to produce the anticipated outcomes of a productive work force. It could be recommended that sufficient resources be provided in the assessment process.

If individuals can only motivate themselves, many resources can be saved through proper assessment.

7. *Have employment and training programs worked?*

The question of defining success is in the eye of the beholder. Depending on your age and war experience, one can say the G.I. Bill was a successful employment program. Vocational programs where 94% are placed in employment are considered a success. The CETA program, when it is not competing with a recession, has many elements of success.

Short-term vocational training of nursing assistants may have small monetary rewards, but it can motivate an individual to pursue a career in the health care profession. Entry-level training in welding, auto mechanics and drafting opens the doors to rewarding careers in many trades. Typing can lead to word processing to computers to office management in a short span of time. In retrospect, voca-tional education can be the magic elixir in transforming the unemployed into a productive and profitable work force.

A RESEARCH STUDY
OF
PERSONS TRAINED THROUGH ASSISTANCE
OF
FEDERALLY-FUNDED PROGRAMS

Prepared by:
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ABSTRACT

This report describes the acquisition of a statistical base and the result of a two-part study using the base.

The first part of the study concerns wage data of the survey group; the second part concerns the effectiveness of training received by the survey group.

In addition, certain subjective conclusions are drawn concerning the Maricopa County Skill Center. These conclusions are based on statements made by the survey group, and observations and interaction of the survey team while employed at the subject vocational institution.

SYNOPSIS

This study was prepared by the Follow-Up Research Team of the Maricopa County Skill Center in Phoenix, Arizona, and was underwritten with Federal funding.

Reported within is a survey of adults drawn from the ranks of the unemployed and underemployed who were vocationally trained at this Skill Center, and who completed training in the two-year period from March, 1975 through February, 1977. The survey was completed in May of 1978.

The goal of the survey was to gather as much meaningful information as possible on a maximum number of those who had been through a course of instruction at this adult vocational training institution.

The survey was conducted by telephone interviews. Graduates were asked about their present rate of pay, whether they had used their training on the job, and, if unemployed, were they available for work. A total of 628 individuals were interviewed by the Follow-Up Team.

The survey confirmed the effectiveness of training in that 92% of the graduates had at some time found a job utilizing their skills. The popular notion that people receiving some form of government assistance tend to prefer the "handout" to "honest labor" was disproved. Of those available for work (not disabled, not pregnant, etc.), 82% were employed at the time they were interviewed. This figure is all the more remarkable when it is remembered that the survey group was drawn from the ranks of the unemployed.

The average wage of those employed was $3.80 per hour, or $657.40 per month. At that pay rate, each working graduate repays the cost of the training, through income taxes withheld, in slightly more than eleven (11) months. Even more impressive is the fact that the training costs of all graduates are repaid from income taxes paid by working graduates within about a year and one-half after they complete their training.

This report presents the definitive evidence that, regardless of their background, those who are sincere in the effort to gain an employable skill can get a good job when given the training, confidence, and the opportunity. It also proves the value of an alternative and supplemental educational system for those who need and want this type of opportunity.

I. BACKGROUND: A Short History of the Maricopa County Skill Center

The Maricopa County Skill Center is an adult vocational training facility which has been in existence since 1964. It is designed primarily to train unemployed, underemployed, or otherwise disadvantaged adults. Less than 5% of the Center's trainees are employed when they start classes.

Of the people trained at the Skill Center, about 90% are referred by various agencies, e.g., CETA; META; WIN; Migrant Opportunity Program; The Arizona Division of Vocational Rehabilitation; and the Department of Corrections. For this 90%, the cost of training is paid by and through their respective agencies. In addition, these trainees are paid a stipend, or training allowance, through their agencies, based upon the number of dependents each has. Another 5% of the trainees pay their own daily tuition and receive no stipend or allowance during the time they are being trained.

One of the more innovative programs at the Skill Center involves the work with trainees who have been in serious trouble with the law. No other Skill Center in the country can match Maricopa County Skill Center's success with this most difficult class of trainee.

Maricopa County Skill Center is currently working with two groups of trainees who are presently incarcerated, in jail or in prison, and transported to class in the morning and back to their respective facilities at night. One of the programs maintains a current enrollment of 38 individuals in various clusters; the other, a pilot project, has enrolled eight women from the Women's Division of the Arizona State Prison. Also trained at the Skill Center are people from a local Ex-Offender Program who are on either probation or parole for felony convictions, or who have a drug-related problem.

Since its inception in 1964, more than 13,000 Arizonans, or approximately 80% of those who began training, have completed a course of study at the Center. More than 75% of the graduates are placed directly into jobs upon graduation. The MCSC program is sponsored and administered by the Maricopa Community College District. Of 70 skill centers throughout the United States, the Maricopa County Skill Center is recognized as one of the top three.

The instructional system is based on an "open-entry/open-exit" mode which is individualized to the needs of each trainee. The open-entry/open-exit mode means that new students enter ongoing classes every Monday, progress according to their own capabilities, and "graduate" as soon as they are job-ready. Graduation is held every Friday afternoon for those who complete training that week.

Maricopa County Skill Center has the capability to accommodate up to 440 trainees at any one time. At the time of this survey, course "clusters" include: Air Conditioning Mechanics; Auto Body Paint and Repair; Automotive Mechanics; Basic Banking; Cashier Sales; Clerical; Culinary Arts; Electronics Fabrication; Hotel/Motel Hospitality; Machine Trades; Meat Cutting; Medical Transcriber; Nursing Assistant; Welding; and the related education necessary for job skills in each cluster area. This concept is so flexible that a class can be started or discontinued on 30 days' notice, according to labor market demands.

A close working relationship is maintained with private business and industry through the medium of Advisory Boards. There is a Board for each of the training programs (clusters), comprised of members representing the various career fields. These professionals provide guidance and support to help maintain training programs on a constantly updated basis.

Whenever need for a new program is indicated, an Advisory Board is formed, and the program is developed in concert with the employers who seek the people with the job skills to be taught. The Advisory Boards may also recommend discontinuance of a program.

In order to provide Skill Center trainees with a clear channel of communication with the Director, there is a Trainee Advisory Board. This Board is comprised of appointed or elected representatives from each training cluster, and is governed by officers elected by the Board members. A representative from the Administrative Staff attends the meetings as a guest. The Trainee Advisory Board provides the Director with input from the trainee body, initiates and coordinates trainee activities, and is the self-government committee for the trainees.

II. SURVEYS: Research and Findings

The Maricopa County Skill Center conceived this Research Project as a vehicle which could provide the answers to a number of questions:

1) What happens to trainees after they leave the Skill Center?
2) Are they using the skills they were trained for at the Center?
3) What do they think of their training?
4) How long does it take for the average graduate to repay the training costs?
5) Do the graduates have any useful suggestions for improving the training?

The Follow-Up Research Team was organized to answer these questions, and to develop other useful information that would be meaningful. The Team, consisting of the team captain, two administrative aides, and two clerk-typists, began setting up the project early in August of 1977, and filed their final report near the end of May, 1978.

STATISTICAL FINDINGS

It was decided to attempt to contact all Maricopa County Skill Center trainees who had been graduated in the two-year period between March, 1975 and February, 1977, inclusive. Of approximately 2,500 Skill Center graduates in this period, 628 still living in Maricopa County were actually interviewed. Since this number constituted about 25% of the graduates, it was decided not to pursue people living outside the county.

The specific statistical data developed on all graduates included:

1) their present rate of pay;
2) whether they had ever used their skills on a job;
3) if unemployed, were they available for employment;
4) how long it takes a working graduate to repay training costs.

In order to develop meaningful data and usable responses in the most efficient manner, a questionnaire (attached hereto as Exhibit A) was designed to be used in an oral interview. This method provided the flexibility to get useful training and job-related comments from graduates.

Starting with information taken from the record files of former trainees, several attempts were made at various times of the morning, afternoon and evening, to complete an interview with each graduate. If it was impossible to contact the graduates by phone, a final attempt was made by sending a postcard (see Exhibit B) to their last-known address, asking them to contact the school.

Of the 628 people interviewed by the Follow-Up Team, a total of 55 (8.8%) were unavailable for work because they were continuing their education, or they were disabled, or they had a change in their family situation (e.g., pregnancy, remarriage etc.). Of the remaining 573 graduates who were available for employment, 471 (82.8%) were employed in some capacity. It should also be noted that a full 75.3% (471 of 628) of those contacted had jobs. Exhibit C, attached, gives a breakdown by cluster.

The average monthly wage, hereafter referred to as the AMW, is based on an assumption that each person worked forty (40) hours per week, four and one-third (4-1/3) weeks per month. All wage information was transposed by this method to enable us to include all responses in the survey. The data was adjusted to reflect the current Federal minimum wage of $2.65 per hour.

The AMW of all those surveyed, working or not, was $494.78. Based on the 471 people surveyed who were employed, the AMW of employed graduates was $657.40, or, in hourly wage terms, $3.80 per hour. Exhibit D shows average wage by cluster.

If the average employed graduate is paid on a monthly basis, with one exemption claimed, the income tax withheld on $494.78 per month is $56.50. At this rate, the training cost of any Skill Center graduate is repaid through tax dollars in just over 19 months. In other words, within about one and one-half (1-1/2) years of graduation from the Skill Center, each graduate's training cost is repaid to the taxpayers.

VETERANS' SURVEY

In addition to the Research Project initiated by the school, the Veterans' Administration required surveys of nine (9) of the training areas. The Veterans' surveys were to show that at least 50% of the people who completed their studies between March 1, 1975, and February 28, 1977, and who were not unavailable for employment, had been employed in the occupation for which they had been trained. A summary of the results reported to Veterans' Administration is attached as Exhibit E.

School records show that 1,643 persons in the reported clusters completed or discontinued training within this two-year period. Of these, 546 discontinued their Skill Center training for various personal reasons. One (1) person was omitted from these surveys because he was on active duty in the Air Force while in school.

Omitting the non-completers left 1,096 persons to be surveyed. Of these, 983 were "contacted" through phone calls, record information, postcards, letters, and employers. If Record Office information showed a person had obtained a job using the skills developed while at the Skill Center, no personal interview was required. The Research Team was unable to contact 113 persons. No response was received from 182 who were contacted, including those who refused to answer the questionnaire.

The V. A. lists examples of people "unavailable for employment" and hence not included in the survey. Some examples are:

1) female completers who cannot work at the present time due to pregnancy or having children at home;
2) individuals who obtain a better job in a field not related to their skill training.
3) individuals who are presently in school;
4) individuals who took the training for their own personal enrichment;
5) individuals who became disabled after training.

Skill Center graduates "unavailable for employment" included 23 people who continued their education in some higher form, such as attending a community college, college, or technical school, and six graduates who had to stay home with their children. There were 46 exemptions for people who found better paying jobs and were no longer looking for work in their field of training. The response rate, adjusted for exclusions, was 717 people. Of these, 41 were employed in the type of work for which they had been trained, and 18 were in a closely related type which required a substantial usage of the skills they had learned.

Using the above figures, 89.4% (641 of 717) of the graduated trainees had been employed in the type of work for which there were trained, and 91.9% (659 of 717) had been employed in the same or a closely related type of work. This cumulative report, with a breakdown of percentages, is attached as Exhibit F.

GRADUATES' COMMENTS AND SUGGESTIONS

The comments and suggestions offered by the Skill Center graduates have been overwhelmingly positive. Only a small minority of the responses could be categorized as negative. The vast majority of the graduates' remarks were that they thought their training while at the Skill Center was good, thorough, and effective in their endeavor.

Even people who were no longer working with their skills were largely positive about their experience at the Skill Center. Some of these people stated that their training motivated them to find work, even if not in the skill for which they had trained.

A number of responses praised the teachers and aides of the various clusters, the staff, and the general atmosphere of the Skill Center. A typical response was: "I learned what I needed for my job from instructors who were helpful and patient; it was an enjoyable learning experience."

One graduate said that she was an ex-offender while attending the Skill Center. She expected the "cold shoulder" treatment, but was pleasantly surprised to find the opposite. She noted that the Skill Center staff was interested in helping her build for the future, rather than reliving her past mistakes. While at school, she was selected as "Trainee of the Month," and after graduation she found a good job. She credits the Skill Center with helping her "turn (her) life around."

Approximately 90% of the graduates of the Nurse Aide program expressed interest in upgrading their skills to qualify as a Licensed Practical Nurse (LPN). However, a large percentage of these people were the head of their household, and felt they could not continue their training unless financial aid was available. They also felt the Skill Center training experience would make for better LPNs and better patient care, because of the foundation it had laid.

A few of the positive suggestions received included ideas for improving the trainees' job interview skills; a suggestion for including ornamental iron work in the Welding cluster; and suggestions that some understanding of human relations would help people who run into personality conflicts on their jobs.

PEOPLE NOT USING THEIR TRAINING

The Follow-Up Team was asked to include in the survey a statistic reflecting the percentage of people working who were still using their Skill Center training. Preliminary findings showed that from 25% to 30% of employed graduates were no longer using their training. However, it is now concluded that this statistic is unimportant since more that 90% of the graduates start out using their skills. People in general tend to change careers during their lifetime for the reasons set forth in the following.

An example of a common reason for not using a skill is Ms. D: She had quit school in the 10th grade, had two children, and had been divorced when she started her training. It was 12 years since she had left school, and the only job experience she had had was with Jack-In-The-Box. While Ms. D was training in the Basic Banking cluster at the Center, she studied for and passed her G.E.D. test. She had hopes of becoming a bank teller, but when she was graduated late in the year, the banks were hiring only experienced tellers for the Christmas rush. Although hot hired as a teller, one of the banks did hire her to work in their bindery as a trainee, because her Skill Center certificate showed that she was willing to learn and could be trained.

Ms. D. stated that the Skill Center did a great job of building her self-confidence, particularly through the G.E.D.program. She said that when she came to the Skill Center she thought of herself as a worthless person, suited only for menial jobs. When she passed her G.E.D. test, she began to see that the confidence her instructors had in her abilities was not unfounded. Since then, she has been confident she can learn virtually any job where there is a trainee opportunity. Her present position with the bank is practical proof that she is correct. Like many people in the work force, she "fell into" a job she likes and does not wish to leave.

The survey also uncovered two other main reasons for a career change decision--the most obvious being money. People working at jobs on the lower end of the economic scale, as well as most other people, will frequently change fields when they have a chance to increase their earning power. The most frequent example here is the person who gets an offer to work in an area such as the construction field at pay ranging from $7.00 per hour or more.

The other reason commonly given was a fundamental decision, based upon lack of satisfaction with the field, to leave that career permanently. This was the least common ground for not using skills for which they had been trained. As an example, one of the Nurse Aide graduates quit her job because the work atmosphere made her feel depressed. She returned to her former field, interior decorating, rather than continue in an environment which gave her no job satisfaction.

When considered in light of these examples, most people would agree that the crucial factor is that these people are working. The question of whether or not they are still utilizing their skill training seems to be secondary to the fact that they are now productive members of the work force.

III. PROFILES

The following are profiles of some graduates of whom the Skill Center is justifiably proud. They are outstanding examples of what people, who were formerly looked upon by society as its least productive members, can achieve when given the opportunity.

Ms. H is a remarkable example of a Skill Center graduate who utilized her nurse aide training, and continued to improve herself. At the age of 48, Ms. H became a Licensed Practical Nurse and credits her Skill Center training and instructors for giving her the confidence and initiative to go on and reach her goal. She feels that an LPN program at the Skill Center would be fantastic. She thinks LPNs who have previously been Nurse Aides give more patient care, and display increased understanding of relationships with the Nurse Aides on the hospital staff. Commenting on her excellent progress, Ms. H's instructors stated, "She set high standards for herself. If she was not pleased with her work, she would voluntarily repeat it until she found it acceptable."

Mr. N immigrated from a foreign country in which English was, at best, a third language. He worked hard, overcame the language barrier and became "Trainee of the Month." He did an excellent job in utilizing his Skill Center training. He was graduated from the auto mechanics cluster and is now employed by a local auto dealer; his employer has high praise for his dependability and enthusiasm. Mr. N is also pleased with his own progress and is now making $4.15 an hour, plus commission. He has been able to support his wife and five children, and credits the Skill Center for giving him the opportunity and training needed to become self-sufficient in the United States. He suggested that some students need more time than others because of language difficulties and that an English class would have been very helpful to him. The Maricopa County Skill Center is now in the process of developing a program to bring the English language skills of all trainees to at least the eighth grade level.

Another interview was conducted with Ms. A at her job during working hours. When a request was made to Ms. A's employer for permission to conduct an on-the-job follow-up, he stated that he was unaware of the Skill Center and the fact that she was one of its graduates. He said that Ms. A was the cornerstone of his health testing business, and that if she were an example of the graduates that the Skill Center trained, it must be a terrific program.

Ms. A had been job-placed after eight weeks of training, and she stated that the instructors aided her rapid progress by encouraging her and helping her recognize her own capabilities. At her job she ran all office functions and acted as a health tester where needed.

As a final example, Ms. W was recently named Vocational Trainee of the Year for the State of Arizona. When she started her course in Cashier Sales, she was a 29-year-old divorcee with five children to support, and her formal education had ended in the seventh grade. Even though she was in training for only eleven weeks, she not only completed her cashier sales training, she also completed her G.E.D. tests, as well as a mini-course in basic banking. Her instructor remembered her as starting out with a low opinion of herself, but her outgoing personality and quick mind made her a natural leader in class and she helped many other students by acting as a teacher's monitor. Her job supervisor said that she had the best work attitude of any of his cashiers, and that her personality made her a favorite of the customers. He also said that he valued her so highly as an employee that he had resisted all efforts to have her transferred from his store and would continue to do so.

IV. AN ANALYSIS OF THE REASONS BEHIND THE SUCCESS

As the data of this report shows, a significant majority of graduates have done quite well, especially in light of their prior background. The reason for their success can be traced to two main sources:

1) The individuals themselves decide they can change their life patterns.
2) The staff of the Maricopa County Skill Center, who provide the atmosphere that encourages such change.

All students who enroll at the Skill Center are unique in their own way; many have "failed" at some point in their lives. Whether this "failure" was in school, marriage, or work is not as important as the negative effect it had on their own self-image. Many incoming trainees simply state their goal as "to learn a skill and get a good job." When they leave, they have done more than complete their training--they have changed the way they see themselves.

The principal cause of the improvement in attitude comes from within the individual trainee. At some point, most trainees decide for themselves that the want to change, and that they can do so. Their decision, coupled with the effort required to spend from 500 to 2,000 hours of concentrated training in their cluster, provides the foundation for their increased confidence in their worth as individuals, a realization of self-confidence, and a belief that success is within reach. Here at the Skill Center, for the trainees who believe in themselves, success is merely a matter of time.

No one "fails"at the Skill Center in the pass/fail sense of traditional education. But if, after appropriate counseling, it is determined that a trainee is not serious about training, the referring agency will terminate that person in order to give someone else the opportunity to learn skills in that field. Before such a drastic step is taken, the agency, counselors, and instructors, go "the last mile" with a trainee to try to sort out whatever problems may exist, and try to solve them. However, when working within a system of limited resources, if the person most vitally affected won't make the effort, it is better to pass that person by and spend the time training someone seriously interested in self-betterment.

The Skill Center staff is responsible for the helpful and congenial atmosphere which allows trainees to develop a positive mental attitude. The instructional "packets" are written by the respective instructors, incorporating input from the Advisory Board members, and based upon the immediate needs for job entry-level skills. Each packet is self-paced, and each has been field tested and validated as the effective means of instruction for an open-entry/open-exit concept such as that used in skill training. The packets for three current areas are distributed nationwide, and it is planed to distribute packets on two additional subjects nationally by 1979. The individual trainee works through each packet, progressing to the next one after having demonstrated an understanding of the material presented. This allows the instructors to provide explanations and insights on a one-to-one basis as the trainees progress through the course materials. By allowing the trainees to proceed at their own pace, they experience a continuous series of reinforced successes.

The nature of the instructional method which focuses on "experienced success," also fosters an "esprit de corps" between staff and trainees. By working together during a 40-hour week for several months on a one-to-one basis, the instructor-trainee relationship gradually evolves into one of mutual respect between adults. This new relationship, characterized by a feeling of "oneness" and "togetherness," is evidenced daily at the Skill Center. Instructors counsel trainees on personal problems; experienced trainees answer questions of incoming trainees; instructors, though not required to do so, locate leads for jobs for which upcoming graduates can apply. Generally, people are helping other people on a warm, human, adult, friendly basis in all areas.

If a school is only as good as its graduates, then the Maricopa County Skill Center can be counted among the outstanding educational facilities in the United States. The work record of its graduates is proof of that fact. Elbert Hubbard, an American philosopher of around the turn of the Century who believed strongly in the work ethic, once stated, "The result of a man's work is not the measure of success; to have worked is to have succeeded--we leave the results to time."

In a nutshell, the Maricopa County Skill Center teaches people to succeed by training them for work. But, beyond that, it is people who care, teaching other people to take care of themselves. The graduates have developed self-confidence and pride in achievement which carries over to their work. Their work is their badge of success as they go through life.

EXHIBIT "A"

NAME: ____________________ ADDRESS: ____________________

LAST DATE: __________ CLUSTER: __________ REFERRING AGENCY: __________

HOME PHONE: __________ EMERGENCY: ____________________

EMPLOYER: __________ ADDRESS: __________ PHONE: __________

COMMENTS: ______________________________

____

____

1. When did you start work here? __________ 2. Starting Pay ________ 3. Present Pay ________

4. Have you ever worked on a job directly or closely related to your skill training? __________

a. If so, where? ______________________________

b. If no, have you been available for work in this field? ______ c. If not available, best reason:

   1. Change in personal family situation (pregnant, remarried), etc? __________

   2. Continued schooling? __________ 3. Disabled? __________

   4. Better job outside field? __________ 5. Other?(explain) __________

   ____

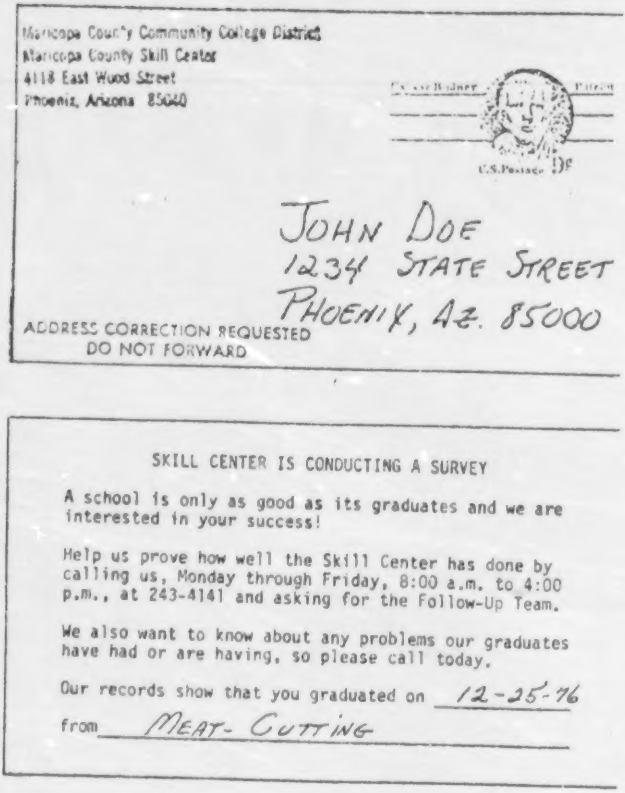
   6. Once employed, were you able to do your job with the training you received? __________

   ____

   7. Do you think any part of your training should have been emphasized more? __________

   ____

EXHIBIT "B"



Maricopa County Community College District
Maricopa County Skill Center
4118 East Wood Street
Phoenix, Arizona 85040

JOHN DOE
1234 STATE STREET
PHOENIX, AZ. 85000

ADDRESS CORRECTION REQUESTED
DO NOT FORWARD

SKILL CENTER IS CONDUCTING A SURVEY

A school is only as good as its graduates and we are interested in your success!

Help us prove how well the Skill Center has done by calling us, Monday through Friday, 8:00 a.m. to 4:00 p.m., at 243-4141 and asking for the Follow-Up Team.

We also want to know about any problems our graduates have had or are having, so please call today.

Our records show that you graduated on 12-25-76

from MEAT- CUTTING

EXHIBIT "C"

CLUSTER	% WORKING	% UNAVAILABLE	AVAILABLE % WORK
Air Conditioning	75.0	6.3	80
Auto Body	78.3	0	78.3
Automotive	58.6	6.9	63
Basic Banking	89.3	3.6	92.6
Cashier Sales	69.6	15.2	82
Clerical	74.6	6.8	80
Culinary Arts	61.1	0	61.1
Hospitality	80.0	0	80.0
Machinist	77.8	0	77.8
Meat Cutting	72.0	8.0	87
Nurse Aide	73.9	13.0	85
Radio and TV	100	0	100
Welding	88.8	0	88.8

EXHIBIT "D"

The Average Wage of each working graduate, broken down by cluster, is as follows:

CLUSTER	MONTHLY	HOURLY
Air Conditioning	994.17	5.75
Auto Body	754.33	4.36
Automotive	642.94	3.72
Basic Banking	553.96	3.21
Cashier Sales	577.19	3.34
Clerical	582.57	3.37
Culinary Arts	524.72	3.04
Hospitality	749.75	4.34
Machinist	869.29	5.02
Meat Cutting	811.33	4.68
Nurse Aide	509.02	2.49
Radio and TV/Elec.	732.50	4.23
Welding	772.96	4.47

EXHIBIT "E"

This table is a summary of results reported to Veterans Administration by the Skill Center on the effectiveness of training of the respective clusters.

CLUSTER	% Employed in type of work for which trained.	% Employed in same or closely related type work.
Air Conditioning	90.9	90.9
Auto Body	89.2	89.2
Automotive	78.4	78.4
Cashier Sales	84.9	84.9
Clerical	89.2	93.2
Culinary Arts	91.9	91.9
Machinist	96.4	100.0
Meat Cutting	90.4	90.4
Welding	95.5	97.0
Cummulative	89.4 %	91.9 %

EXHIBIT "F"

Form Approved
OMB No. 76-R0545

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (Schools)

REPORTS CONTROL SYMBOL 22-12

...RTANT - Carefully read instructions on reverse before completing this form.

...AND ADDRESS OF SCHOOL SKILL CENTER
clusters but Basic Banking, Hospitality,
urse Aide.

SCHOOL TELEPHONE NO. (Include Area Code)

NAME OF COURSE (Program) CUMULATIVE

...OD COVERING PERSONS COMPLETING OR DISCONTINUING TRAINING
TO

NO.	DESCRIPTION	ENTRY	FOR VA USE ONLY CARD COL.
			1
1	PERSONS WHO COMPLETED OR DISCONTINUED TRAINING	1643	2-6
2	NUMBER WHO DID NOT COMPLETE COURSE *(Including persons on active duty)*	546	7-11
3	REMAINDER *(Line 1 minus Line 2)*	1097	12-16
4	PERSONS WHO COMPLETED COURSE WHILE IN RECEIPT OF VA EDUCATIONAL ASSISTANCE ALLOWANCE AND WHILE ON ACTIVE DUTY IN THE ARMED FORCES OF THE U. S.	1	17-19
5	REMAINDER *(Line 3 minus Line 4)*	1096	20-24
6	PERSONS TO BE SURVEYED *(If Line 5 is 300 or less, use Line 5. If Line 5 is greater than 300, sampling may be used. Persons discovered to be in service will be replaced by others)*	1096	25-29
7	UNABLE TO CONTACT	113	30-32
8	PERSONS CONTACTED *(Line 6 - Line 7)*	983	33-37
9	NO RESPONSE *(including refusals)*	182	38-40
10	TOTAL RESPONDENTS *(Line 8 - Line 9)*	801	41-45
11	MINIMUM ACCEPTABLE RESPONSE FOR PERSONS CONTACTED *(Line 8 x .40) (Round to nearest whole number)*	590	46-49
12	RESPONSE BASE ADJUSTED FOR RESPONSE RATE *(Enter number from Line 10 or Line 11, whichever is greater)*	801	50-54
13	EXCLUDED RESPONSES - TOTAL	85	55-58
	A. DISABLED	8	59-61
	B. IN TRAINING	23	62-64
	C. PERSONAL ENRICHMENT, AVOCATIONAL, OR RECREATIONAL	1	65-67
	D. PREGNANT	6	68-70
	E. CHANGE IN MARITAL STATUS *(cannot start new career)*	0	71-73
	F. UNWILLING TO MOVE TO NEW LOCALITY	1	74-76
	G. OTHER VALID REASONS	46	77-79
14	PERCENT OF RESPONSES USED *(Line 10 - Line 13, divided by Line 10) (Round to nearest tenth of percent)*	90.0	80-82
15	RESPONSE BASE FURTHER ADJUSTED FOR EXCLUSIONS *(Line 12 x Line 14) (Divided by 100) (Round to nearest whole number)*	717	83-87
16	EMPLOYED IN TYPE OF WORK FOR WHICH TRAINED	641	88-92
17	EMPLOYED IN A CLOSELY RELATED TYPE OF WORK WHICH REQUIRES SUBSTANTIAL USAGE OF SKILLS LEARNED IN THIS COURSE	18	93-97
18	PERCENT EMPLOYED IN THE SAME TYPE OF WORK *(Line 16 divided by Line 15) (Round to nearest tenth of a percent)*	89.4	98-101
19	PERCENT EMPLOYED IN THE SAME OR A CLOSELY RELATED TYPE OF WORK *(Line 16 + Line 17, divided by Line 15) (Round to nearest tenth of a percent)*	91.9	102-105

...NATURE AND TITLE OF SCHOOL OFFICIAL
DATE

CERTIFICATION BY STATE APPROVING AGENCY - *This report has been checked and we find that it* ☐ Does ☐ Does Not *support at least a ...ent employment level in the same or a closely related type of work for which trained.*

...NATURE AND TITLE OF STATE OFFICIAL
DATE

...VA USE ONLY
COURSE CODE (106-109)
FACILITY CODE (110-117)
PO NUMBER (118-119)
(120)

...FORM ...1976 22-8723

SUPERSEDES VA FORM 22-8723, MAY 1975, WHICH WILL NOT BE USED.

AUFSEHER ENTERPRISES, Inc.

205 South Eola Drive, Orlando, Florida 32801
Tel. (305)425-6713

July 17, 1981

Hon. Dan Quayle, Chairman
Subcommittee on Unemployment and Productivity
4230 Dirkson Senate Office Bldg.
Washington, DC 20510

Dear Senator Quayle:

Thank you for this opportunity to submit to you and your committee my written testimony in regards to employment and training issues.

Please find enclosed this testimony and twenty-four copies to be distributed at your discretion.

Again, I sincerely thank you for this opportunity and hope they can be of some assistance in your difficult task of trying to find an effective and efficient training and employment program for our country.

Sincerely,

Charles F. Carmen
Chairman, Manpower Planning Council
Orange County, Florida

CFC/mb

My name is Charles Carmen and I am Chairman of the Orange County, Florida Manpower Planning Advisory Council, and I am Vice President of Aufseher Enterprises in Florida and Alabama. I would like to briefly comment on some aspects of CETA programs I have observed in the past three years and place into the Subcommittee's Record written comment regarding the reenactment of the Comprehensive Employment and Training Act.

First, I would like to recommend that reenactment legislation leave in place the present prime sponsor structure at the local level. Persons at the local level knowledgeable about CETA are not convinced that block grants to the state with a pass through to the local level would be more effective, efficient or that it could be accomplished with a lower cost than the present system. Our experiences have indicated that the state cannot allocate funds as effectively, administer programs as competently, or attain the responsiveness to local conditions that the present prime sponsor structure has. It would be a mistake to discard a system which had become increasingly effective during the past seven years for a new system which would have it's own major organizational problems and learning curve. In the opinion of many persons, one of the major difficulties the CETA system has had to face has been the constant changes in funding, objectives, target groups, Titles, regulation, and eligibility criteria. Our prime sponsor would prefer not to compound these problems by dealing through the state government system.

Secondly, I believe that the problem of fraud and abuse in the CETA program has been greatly overstated. While there have been, are, and will continue to be abuses in any system; locally our audits have disclosed less than one/tenth of one percent of ineligible participants. Our disallowed costs, to date, have been approximately $20,000 out of $100,000,000 received and spent. To say that our programs are full of fraud and abuse is nor more fair than saying Congress is corrupt due to the well publicized activities of a few legislators. The adverse publicity which has often surrounded CETA is not a fair reflection of most CETA programs.

A third point I would like to make concerns the establishment of national objectives for any employment and training legislation re-enactment. CETA has been asked to do too many things, too often, and in too short of a time period. At various times, the CETA system has been asked to train persons in skills; mitigate the unemployment rate during a recession (two times); develop youth programs to solve youth unemployment which were both creative and innovative; develop demonstration programs; relate to the private sector; train and hire Vietnam Era veterans; target services to minorities; limited English speaking; displaced homemakers; elderly, administer parts of the Targeted Jobs Tax Credit; coordinate with the Employment Service and vocational educational programs, etc. And the CETA system was to do this when Congress could not pass budgets in a timely fashion, and the funding levels bounced around like the bouncing ball in the old movie sing alongs. The system tried but often it sang out of tune and sometimes it didn't even know what the tune was from one month to the next. A fourth point is directly related to the one just made. In my opinion, the employment and training system would be far more effective and accountable if a level of funding consistency were introduced into the system. The system can adapt to almost any level of funding unless the local costs of participation become so great that the funding available is not worth the local administrative problems involved in the operation of the system. But national planning is impossible with drastically fluctuating funding levels while program quality suffers; program deliverers are reluctant to commit themselves; good staff leave; and, in general, the system suffers.

A fifth point that needs to be made is one that should be particularly acceptable to this Subcommittee. It is, simply, that it is more acceptable in the American tradition to work for income rather than to be given income unless there are specific reasons why one cannot, should not or is not expected to work for their income. This statement has been said in so many different ways that it is difficult to say in a new way that it is better to have the opportunity to have a job than not to have one. Motivation toward training and employment should be provided rather than maintaining disincentives that make it in the individual's self-interest to get training, but not take a job, or to receive AFDC or Unemployment Insurance benefits without being either trained or seeking employment. In our experience, one of the major factors that influence persons on AFDC not to accept employment after training is the fact that they may lose their "safety net" of medical coverage for themselves and their children. The security of maintaining medical coverage for these individuals may far outweigh the benefits of taking a job even if the dollar benefits of the job are greater than AFDC or the training allowances and supportive services. For a low income person, there are real economic and personal costs and risks inherent in taking a job where the pay is relatively low, and day care, transportation, clothes, medical, and other costs of employment are incurred. Ways must be devised to bridge this transition period from subsidized income maintenance to unsubsidized employment and economic self-sufficiency, at an acceptable level of public cost so that movement toward personal and economic self-sufficiency is rewarded rather than penalized. Another factor that influences a low income person's rational choice to seek training--but not employment--is the fact that often the net economic benefit to the person while undergoing training is apt to be greater than the reality of employment. Thus, allowances with dependents allowances, Child care assistance, transportation, all of which are received with no income or social security tax liability can be equivalent to a wage rate substantially greater than the actual wage rate the individual is likely to receive after training (See Attachment I). Again, it appears that a bridge to cover, for up to a year, medical and child care expense is necessary to assist in making the transition from non-employment to employment.

One problem that must be addressed in reenactment legislation is the question of whom is to be served and what eligibility criteria they must meet. Our prime sponsor would favor one basic eligibility criteria or, at the most, two. We are fairly comfortable with the 70% of lower living standard/poverty level of income criteria. We would not be adverse to a requirement that up to fifty percent of the participants served would be from income maintenance groups such as AFDC and Unemployment Insurance. This assumes that effective linkage can be established with welfare and the Unemployment Insurance Programs which will reduce Prime Sponsor outlays for services to these individuals. However, I am concerned about the excessive targeting of too many groups at the national level. It is difficult to have effective programs when called upon to fragment your focus with fewer resources. Nationally, more focusing of efforts rather than diffusion is required. Locally, in the past several years, the demographic characteristics of participants enrolled have shifted toward a higher percentage of blacks, hispanics and a lower educational level (See Attachment II).

This brings me to another point. I believe there is still a need for a Public Service Employment program or a publically subsidized employment program. There are some individuals who need a longer period of subsidization than others and work experience under supervision may be required or desired as being the most effective tool to effect the transition from non-employment to permanent unsubsidized employment. Locally, our placement rates for the Public Service Employment program were fairly good; ranging from a low of 31 percent in Title VI for one year up to a high of 66.1 percent in Title II D during a three year period from FY 1978 through FY 1980. It is our experience that persons who stayed in PSE for any length of time tended to leave PSE for another job rather than unemployment insurance or welfare if they had that option. When major layoffs occured due to funding reductions, this transition was not possible for many participants. It may be that strict requirements for eligibility for such a program should be imposed with as high as fifty (50%) percent of the participants being recipients of income maintenance payments such as AFDC or Unemployment Insurance. But there is a need for such programs as long as our economy is not generating sufficient jobs to employ those who want jobs and cannot find them. Locally, Public Service Employment served over 150 public, community based and social service organizations effectively and moved many low income, public welfare and minority persons into permanent unsubsidized employment. It should not be lightly discarded as one tool of an effective national employment and training policy. While counter-cyclical PSE is more questionable as an employment program, a suggested trigger for counter-cyclical Public Service Employment programs might be seven (7.0%) percent unemployment for four consecutive months and/or two consecutive quarters.

While speaking in favor of the continuation of the present prime sponsor system, some protection for youth should be provided in that they should get a fair portion of whatever any national policy allocates for employment and training activities. By dealing with youth problems as they relate to employment and preparation for future jobs now, we should be easing the problems which will confront us in the future. During the past three and one half years, numerous national demonstration programs have been developed which have effectively impacted youth unemployment rates. A recent article in the July 20, 1981, Forbes Magazine (See Attachment III) makes the point that the private sector, even with 100% subsidies, cannot resolve youth unemployment problems. Another point concerns the over regulation of local prime sponsors and the Department of Labor's excessive requirements for verification, tracking, eligibility determination, and reporting. These requirements may be costing the system more than the actual benefits received by it. Prime sponsors would be delighted if they knew that they were allowed a minimum error rate so that when mistakes are made in eligibility, tracking, expenditures, etc., they would be held harmless for paybacks and disallowed costs up to that minimum. A prime sponsor would also appreciate a higher degree of continuity between present regulations, programs, and definitions and in any future legislative enactments. While simplification and conciseness in legislation would be greatly valued, some degree of consistency and continuity, (rather than a drastic change in overall concepts, law and regulation) would be applauded by prime sponsors and would be much more effective in rapidly implementing any new legislation.

Before closing, a word on the private sector and it's involvement with CETA. If the primary thrust of employment and training programs is economic in nature, private employers must be involved. There is general recognition that over seventy percent of the jobs available to individuals are in the private sector. However, most employment and training professionals have not been impressed with the caliber of involvement, the level of knowledge or the degree of concern shown by the private sector for employment and training programs. Our experience has been that larger employers, identified as having over two hundred employees, are both difficult to involve in employment and training programs, and have been unreliable in keeping their pledges to employ individuals--even when persons were trained specifically to meet the employer's requirements. Most of our success has come with smaller employers through our On-the-Job Training programs. Some studies suggest that small employers provide the bulk of employment opportunities through their expansion and have a higher overall growth rate than do larger firms. This growth tends to be in labor rather than capital investments. The need of small firms for operating capital, trained personnel, and employment related services is often greater than that of larger firms. Prime sponsors can make a mutually beneficial linkage of employment and training programs with these needs of smaller firms. These firms often do not have the resources or ability to compete for skilled personnel with larger firms or to train and retain this labor force for themselves.

i am not convinced, however, that employment and training legislation should permit one hundred (100%) percent reimbursement of private employers for training and/or On-the-Job Training, especially if they are realizing some direct economic benefit or even very marginal productivity from the utilization of the persons being trained. While liberalization of the reimbursement rates to private employers may need to be considered, they should not exceed fifty (50%) percent reimbursement for wages. The article in Forbes Magazine previously referenced states that even with one hundred (100%) percent reimbursement for youth to private employers, only a maximum of about one sixth are placeable with private employers even where a full reimbursement for wages costs has been tried. To tempt employers with full reimbursement could lead to major problems in keeping the system honest and serving those targeted to be served by the reenactment legislation.

I sincerely wish to thank you for allowing me to submit these comments for your review and hope they can be of some assistance.

Attachment I

Head of Household with Two Dependents, One of Which if Under 6 Years of Age

	OPTIONS I Basic AFDC	II AFDC & $30	III Off AFDC to Basic Allow.	IV Not AFDC Basic Allow.	OPTION V Work at:			
					$3.50/hr.	$3.75/hr.	$4.00/hr.	$4.50/hr.
AFDC with Rent	195	195	-	-	-	-	-	-
Food Stamps	183 (max)	183 (max)	183 (max)	183 (max)	-	-	-	-
Incentive Allowance	-	130 [2]	-	-	-	-	-	-
Basic Allowance	-	-	436 [2]	436	-	-	-	-
Medical (Prescription)	66 max	66 max	Up to 4 months	-	-	-	-	-
(Treatment)	as needed	as needed	as needed 4 mo.	-	-	-	-	-
Child Care (204)	152 [3]	152 [3]	152 [3]	152 [3]	-	-	-	-
Transportation	24 [4]	24 [4]	24 [4]	24 [4]	-	-	-	-
Earned Income @	-	-	-	-	607.00	650.00	693.00	780.00
Total: Less Medical	554.00	684.00	795.00	795.00	607.00	650.00	693.00	780.00
Medical Est. @	75.00 [5]	75.00 [5]	25.00 [5]	-	24.00 [5]	26.00 [5]	28.00 [5]	31.00 [5]
Taxes:								
F.I.C.A.	-				(40.00)	(43.00)	(46.00)	(52.00)
Income	-				(38.00)	(46.00)	(54.00)	(69.00)
Less: Total Taxes	-				(78.00)	(89.00)	(100.00)	(121.00)
Net Income:	629.00	759.00	820.00	795.00	553.00	587.00	621.00	690.00

Notes:

1. All figures are annualized and divided by 12 months, they utilize maximum benefits. No deductions are made for absences, illness, or other income reducing factors.
2. Incentive allowances are $30.00 per week. Basic allowances are figured at $3.35 per hour, 30 hours per week. No allowance was made for holidays and down time in the training system.
3. Child care based on 4-C at $35.00 per week.
4. Transportation figure based on public transportation at $5.50 per week.
5. Medical based on best estimate for AFDC/Medicaid and 4% for employment.
6. Taxes based on 6.65% F.I.C.A. and withholding rates for head of household.

Head of Household with One Dependent Who is Under 6 Years of Age

	OPTIONS I Basic AFDC	II AFDC & $30	III Off AFDC to Basic Allow.	IV Not AFDC Basic Allow.	OPTION V Work at: $3.50/hr.	 $3.75/hr.	 $4.00/hr.	 $4.50/hr.
AFDC with Rent	150	150	-	-	-	-	-	-
Food Stamps	128 (max)	128 (max)	128 (max)	128 (max)	-	-	-	-
Incentive Allowance	-0-	130	-0-	-0-	-	-	-	-
Basic Allowance	-0-	-0-	436	436	-	-	-	-
Medical (Prescription)	44 max	44 max	Up to 4 mos.	-0-	-	-	-	-
(Medical)	As needed	As needed	As needed 4 mo	-0-	-	-	-	-
Child Care (804)	152	152	152	152	-	-	-	-
Transportation	24	24	24	24	-	-	-	-
Earned Income @	-	-	-	-	607.00	650.00	693.00	780.00
Total:	454.00	584.00	740.00	740.00	607.00	650.00	693.00	780.00
Medical Est. @	60.00	60.00	20.00	-0-	24.00 *	26.00	28.00	31.00
Taxes:								
F.I.C.A.	-0-	-0-	-0-	-0-	(40.00)	(43.00)	(46.00)	(52.00)
Income **	-0-	-0-	-0-	-0-	(53.00)	(61.00)	(69.00)	(86.00)
Less: Total Taxes	-0-	-0-	-0-	-0-	(93.00)	(104.00)	(115.00)	(138.00)
Net Income:	514.00	644.00	760.00	740.00	538.00	572.00	606.00	673.00

* Estimated at 4%, may be low.

** Basic deduction, not itemized.

Attachment II

TITLE II BIC (Old Title I)

Changes in Client Characteristics FY 1978, 1979, 1980 and 1981*

		FY 1978	FY 1979	FY 1980	FY 1981	Average
		%	%	%	%	%
Sex	Male	44.3	35.5	39.7	40.0	39.9
	Female	55.7	64.5	60.3	60.0	60.1
Age	14-15	12.9	2.5	13.1	12.2	10.2
	16-19	17.4	13.1	17.2	12.9	15.2
	20-21	9.0	18.3	11.4	11.0	12.4
	22-44	46.3	54.7	49.4	53.9	51.1
	45-54	7.1	5.8	5.2	5.5	5.9
	55 and Over	7.4	5.6	3.7	4.6	5.3
Education Status	School Dropout	48.7	37.5	34.3	30.2	37.7
	Student (H.S. or less)	19.9	4.3	19.8	19.3	15.8
	H.S. Graduate or Equivalent	38.4	45.4	34.7	37.6	39.0
	Post H.S. Attendee	12.7	12.8	11.2	12.9	12.4
	Receiving AFDC (Title IV)	12.8	16.6	15.5	18.1	15.8
	Receiving S&I (Title XVI)	11.6	19.7	7.1	2.8	10.3
	Total Receiving Public Assistance	24.4	36.3	45.7	46.0	38.1
Economically Disadvantaged		73.7	100.0	100.0	100.0	93.4
Ethnic Status	White	62.7	51.8	39.5	35.7	47.4
	Black	34.5	39.7	43.9	41.5	39.9
	Hispanic	1.1	7.2	14.4	18.7	10.4
	Asian or Pacific Islander	2.8	1.3	2.1	4.1	2.6
Handicapped		12.3	11.0	9.0	8.6	10.2
Offender		2.4	6.1	8.8	7.4	6.2
Unemployment Compensation Claimant		3.0	.9	.8	.9	1.4

* First Two Quarters For FY 1981

Attachment III

Who wants the young?

Despite Washington's contentions, private employers will not pick up many of the 300,000 unskilled youths now in federal job-training programs, even if the government pays all or most of their wages. That is the conclusion of a new study by the Manpower Demonstration Research Corp., a seven-year-old, privately and federally financed New York group that supervises and studies such aid plans. Even at a wage well below the federal $3.35-an-hour minimum, says the group's president, William Grinker, only 50,000 to 60,000 of these workers might be hired and the total would probably be closer to 25,000. His findings came from studies in 17 cities where employers were subsidized to hire unskilled youths. A special study in Baltimore and Detroit, for example, found that only 18% of private firms hired such workers even when Uncle Sam picked up the whole wage tab and asked for minimal paperwork; in Detroit, participation dropped to 10% when employers were asked to reimburse the program for 25% of the payroll. (Nearly 6,000 employers did take part but most hired only two or three persons.) The research, financed by two Rockefeller-backed groups and the Department of Labor, did show that private employment for the young was a good idea but, it concluded, "the private sector alone cannot be the answer to problems of youth employment, at least for low-income, minority youths."

Young men in New York
Who will put them on the payroll?

July 20, 1981
Forbes Magazine

BREVARD COMMUNITY COLLEGE

July 17, 1981

Mr. Bob Guttman
4230 Dirksen
Senate Office Building
Washington, D. C. 20510

Dear Mr. Guttman:

I regret that the Subcommittee on Unemployment and Productivity did not meet in Orlando, Florida on July 17.

I have been told that you might receive written testimoney relative to the subject that was to be discussed. I hope that you will receive the brief idea that I have written favorably.

If you will become interested enough to prompt an extended discussion, I would be pleased to make myself available.

Sincerely yours,

Harold H. Hopper

Dr. Harold H. Hopper
Director of CETA

HHH:lm

encl.

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TESTIMONY BEFORE THE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

Thank you for the opportunity to react to certain issues, which you are now studying. The opinions I am about to share with you are mine and are not necessarily those of the officers of Brevard Community College.

The employment and training policy of the near future should "marry" the worker needs of the private sector with the individual needs of the unemployed and underemployed (whatever the reasons for the individual's limited contribution to the workforce).

Federal dollars can make the assessment of worker abilities and interests possible. Federal funds that would provide "world of work" information to assessment counselors for ability-interest diagnosis and prescriptive training should make the need for tax credits and wage subsidies unnecessary - providing labor needs are carefully matched with appropriate worker training skills.

In any case no particular effort need be made for special groups since the single criterion to determine eligibility would be the state of being unemployed or underemployed.

Economic independence should be the sole goal of any employment training program, to the obvious benefit of the individual and society.

The matter of preparing persons for employment has been historically assigned to the schools and colleges. We have prospered with the system. Since the states have been given the responsibility of providing education (by the people of this country), why should we not return to the system to solve our unemployment and underemployment problems? Attack the problem by making grants available to the states for the administration of a program (through the existing educational institutions) which would serve individual needs and provide an employability training program which would meet the specific labor needs of industry. The states would be directed to appoint high-level private sector educational advisory committees in several regions so that this close and correct prescription can take place.

Private sector membership on advisory councils would include a percentage of small business representation, to insure total coverage of the business-industrial community. Evaluations of each state's performance would be accomplished by federal auditors.

In passing, as you have indicated in the congressional record, there are a plethora of agencies involved in the business of employment and training. Evaluation and supervision of the single goal of reducing underemployment and unemployment becomes difficult if not impossible with so many "hands". The charge for employment and training must be placed (ideally) in one pair of hands - or in as few as pragmatically possible.

In my opinion the idea of employment and training, as administered under C.E.T.A., is to be applauded. It should, however, be further improved by including all underemployed and unemployed in the target population and involving those who have the labor needs in the process of determining training programs.

Thank you

SOUTHERN TRAINING CONSULTANTS, INC.

July 21, 1981

Mr. Robert Guttman
Employment and Productivity
Subcommittee
4230 Dirkson Senate Office Bldg.
Washington, DC 20510

Dear Sir:

I regret that the July 17, 1981, Subcommittee meeting had to be canceled as we were looking forward to submitting the attached testimony and participating on the panel. We completed several CETA contracts in Brevard County, Florida, in fiscal year 1980 and 1981 including a Title VII contract where we trained 29 CETA participants. As of this date, one year after the beginning of our original contract, there are at least 22 of those participants gainfully employed. All of these employees are earning wages substantially above minimum wage. We believe the Title VII format which we developed and used in this program should be used as a model to develop criteria for future education and training programs because it emphasizes training and upward mobility as opposed to the vast majority of contracts which are speculative training at best with little or no future for unsubsidized employment.

Please distribute copies of the attached testimony among the members of the Subcommittee, and forward to us any comments that you may receive regarding our program as outlined herein. We would be pleased to attend any future hearings on this subject either in Florida or elsewhere where we could offer the benefit of our experience.

Very truly yours,

John G. Pierce

John G. Pierce,
President

JGP/kp

Enclosure

THE WRITTEN TESTIMONY OF JOHN G. PIERCE
PRESIDENT, SOUTHERN TRAINING CONSULTANTS, INC.
PREPARED FOR PRESENTATION TO THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

Southern Training Consultants, Inc. designed and implemented a program that has been very successful in Central Florida in training and in employing CETA qualified candidates. The program is based on a concept that was developed to train the handicapped, by Mr. Robert Mudd, who was the national training director for Intext Communications Systems, Scranton, PA, the world's largest industrial and technical training organization. The program was so unique that in 1978 this program was recognized by the American Society of Training Development as being the most outstanding program having national impact on Employers, during that year. We were successful in having Mr. Mudd join our staff on a consultant basis, and we have taken this very sound concept and refined it to make it beneficial to the CETA population and the handicapped population. It is a very simple program based on the bottom line requirements of industry. We, as businessmen, know that if an educational program is truly responsive to the needs of business and industry that it will be successful.

The first step is to meet with small and large businesses in the community, to determine on a company-by-company basis those areas in which the company has been unable to meet their hiring requirements. In other words, to identify areas of employment where business cannot hire the people needed for specific skills.

Once the company has identified those requirements, we at Southern Training develop a task analysis and design a training program, using the Intext Communication Systems text materials, or other suitable resource materials. We design a training program to meet the specific requirements as specified by the particular employer.

After this step is accomplished, it then becomes a matter of matching a candidate from the trainable population with the job. If the candidate has the physical characteristics, the intellectual capacity and an interest in the employment that is available, the individual is hired and commences work on the first day of the program. There is no speculative training in this program. While they are employed, each candidate works six hours a day on a guided, on-the-job training track, getting on-the-job training in the specific skills required. The other two hours a day the individual pursues the technical knowledge necessary to be successful in his position and to experience upward mobility in the specific skill.

Up to this point we have been offering this program in a 30 week format. Using the 30 week format, the individual has gained 900 hours of actual, tracked, on-the-job training experience, and has accomplished 300 hours of associated, formal, accredited technical studies. This is more than one-half of the technical knowledge required in a registered 4 year apprenticeship program and each person has achieved that level in 30 weeks.

There is an additional element to the Southern Training program involving the training of the front-line supervisor who must administer the program. We found that in many instances we could develop a commitment from industry on the corporate level to participate in the training program, however the actual results were controlled by front-line supervisors. These supervisors may or may not have the skills or the motivation necessary to promote the goals of the program. What we do in this program is, once we have placed a CETA candidate in a training program and they are working their 6 hours a day and studying their 2 hours a day, we then include as a third element, a training program for the front-line manager. This is a full, 3 college hour credit training program in supervision and management. We find that this helps the immediate supervisor to better understand the needs of the company and work more effectively with the candidate we have placed.

One of the subtle advantages to Southern Training's program is the applicability to smaller employers. An employer does not have to hire 10 or 20 people, or put in training instructors or provide class space. Some of our most successful cases have been in very small establishments with only a few employees and in this environment we were able to successfully train and permanently place a CETA candidate in a truly permanent job. Another point that may be of interest to you is that one of the problems we encountered in our dealing with employers was that they could not believe there was really no "catch". This program is very straight-forward. It was, as has been presented, a program designed to meet the needs of industry. Southern Training handled the paperwork and removed the burden from the employer of having to comply with the extensive reporting requirements and governmental red tape.

The easiest way to illustrate what we are doing, is by explaining that we have inverted the traditional training and placement roles. Instead of placing all of our emphasis on the needs of the individual, we have emphasized meeting the needs of the employer. We have learned that when we do this, the individual automatically benefits from the employer's success. Southern Training's candidate is (1) already working at the time of placement, and (2) being trained for a job that is needed within the community. The program is truly responsive to business. There is no waste in speculative training thereby dissillusioning the participant. This program trains only for preidentified jobs for which the participant has already been hired.

Respectfully submitted,

John G Pierce

John G. Pierce

COASTAL PLAIN AREA ECONOMIC OPPORTUNITY AUTHORITY, INC.
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TELEPHONE 244-7860
VALDOSTA, GEORGIA 31601

F. J. SMRCINA
EXECUTIVE DIRECTOR

MEMBER COUNTIES
Ben Hill
Berrien
Brooks
Cook
Echols
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Lanier
Lowndes
Tift
Turner

July 29, 1981

Ms. Violet Thompson
Senate Subcommittee on
Employment and Productivity
4230 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Ms. Thompson:

In reference to your memorandum of July 15, 1981, please find the attached response to the major issues of concern to the Senate Subcommittee on Employment and Productivity.

We appreciate the opportunity to express our views on the reauthorization of CETA appropriations. If you need any further information please let us know.

Sincerely,

COASTAL PLAIN
AREA EOA, INC.

F. J. Smrcina
Executive Director

FJS/lh

Enclosures

MAJOR ISSUES OF CONCERN TO THE SUBCOMMITTEE

Item 1: What are the appropriate objectives of employment and training policy?

Response: To establish a policy wherein programs can be created which provide participants with quality jobs on supervised worksites to develop needed skills and abilities which will enhance their future employability.

To develop programs linking work experience and skills training with the demands of the local job market - both the public and private sector.

To provide badly needed work experience for minority and other disadvantaged youth during the summer and during the school year.

Item 2: What are the best methods for carrying out the objectives of employment and training policy?

Response: To develop specific, clear cut guidelines establishing the relationship between Employment Training Agencies (ETA's) and Community Based Organizations (CBO's) operating CETA programs. These guidelines should apply equally to any agency; local, state, or federal that is operating a CETA program. Both ETA's and CBO's should have the same relationship with the private sector, i.e., access to worksites, training facilities, etc. In some areas, CBO's may be better equipped to handle a certain type of program, and ETA's may be better able to handle certain programs.

An on-going, viable relationship should be clearly established between all CETA program operators and the area job markets, both public and private. Communication and cooperation between the abovementioned groups will lead to better training programs and help prevent glutting the job market with people trained in areas for which there is little or no demand and interfering with the job options of non-CETA participants.

Item 3: Should particular groups in the labor force be the concern of employment policy? Should target groups be identified on a national basis, and, if so, which are the appropriate target groups?

Response: Labor market analyses should be conducted to determine those groups who are most in need of CETA funds. Programs should be developed specifically for certain groups, such as the chronically underemployed and unemployed, i.e., those "most in need". Each program operator should determine which group in its own area is most in need instead of having the State or Federal Government dictate who should or should not be targeted for CETA participation.

There are, however, certain groups which should probably (after careful study) be identified as national target groups, i.e., minority youth and displaced homemakers. Even in cases such as these, however, there may be another group in a particular area that is more in need of assistance from CETA.

Item 4: What should be the relationship of employment and training policies to income-maintenance policies?

Response: Programs should be developed to train people on Welfare so that they can become productive members of society. WIN recepients and displaced homemakers are already targeted groups in most CETA programs. With increased cooperation between CETA program operators and the private sector, these people can be trained and placed in unsubsidized jobs.

Item 5: What are the appropriate relationships between federal, state and local governments in the funding, design and administration of employment and training programs?

Response: There should be greater communication between federal, state and local governments prior to the implementation of employment and training programs. Factors such as funding levels, income levels, and basic program format should be set by the federal government so that each local program operator is treated equitably.

To ensure greater communication, the federal government could send the abovementioned information directly to local program operators. Presently, the federal government sends program information to regional administrators, who send the information to state agencies. Grant instructions are transmitted to local area planners, who send it to program operators. Information on federal employment programs should be sent far enough in advance to enable local program operators sufficient time to plan their programs. Direct communication between federal and local governments would save a great deal of time. The local areas could utilize labor market analyses to determine those "most in need" of CETA service. Local program operators working with their area planners could then develop programs designed to alleviate local employment/training problems while following federal guidelines and basic program format.

Item 6: What is the appropriate role of the private sector in the design and implementation of employment training policy?

Response: The private sector should have an integral role in the design and implementation of employment training policy, especially at the local level. Programs should be developed that reflect local training needs and demands. This would result in higher placement rates, prevent training for jobs for which there is little or no demand, and eventually lower the unemployment rate both locally and nationwide.

Item 7: Can the diverse sets of programs which constitute the employment and training system be coordinated?

Response: All programs can be coordinated, especially at the federal level, utilizing the same basic federal guidelines. Youth-oriented programs are generally designed to provide work experience, i.e., exposure to the world of work, job rotation, work responsibilities, etc. Adult-oriented programs are generally designed to provide participants with skills training for specific jobs rather than work experience.

These two basic types of programs could be coordinated by establishing guidelines that would enable both youth-oriented and adult-oriented programs to be designed to complement each other. Participants on youth programs could be provided a broad range of work experience that would enhance their future employability and give them some direction as to what their future goals might be. These youth could then be transitioned to an adult-oriented CETA program, if they need further training. The eventual goal of both programs would be unsubsidized employment.

Item 8: Have employment and training programs worked?

Response: Employment and training programs have worked to some extent in that they have provided badly needed work experience to youth during the Summer Youth and In-School CETA Programs. Smaller programs such as YCCIP have provided skills training in a number of occupations to teenagers who normally would not have received such training. CETA programs encourage both youth and adults to remain in and/or return to school.

STATE OF FLORIDA
DEPARTMENT OF LABOR AND EMPLOYMENT SECURITY
Office of the Secretary
Tallahassee, Florida

Bob Graham
Governor

Wallace E. Orr
Secretary

July 29, 1981

Ms. Violet Thompson
Senate Subcommittee on
  Employment and Productivity
4230 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Violet:

Since the field hearings in Orlando were canceled and will not be rescheduled, we appreciate the opportunity to submit the testimony for the record.

We have enclosed copies of testimony by Dr. Wallace E. Orr, Secretary of Labor and Employment Security; Dr. Charles R. Russell, Director of Employment and Training; and Mr. Rod Willis, Chief of Employment Services.

If additional information is needed, please do not hesitate to contact me.

Sincerely,

Benjamin M. Edelen IV
State/Federal Programs Coordinator

BMEIV/ms

Enclosures

The Berkeley Building, Suite 206-2590 Executive Center Circle, East · Tallahassee, Florida 32301 · Phone 904/488-4398

TESTIMONY

OF

WALLACE E. ORR, SECRETARY
FLORIDA DEPARTMENT OF LABOR AND EMPLOYMENT SECURITY

BEFORE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
SENATOR QUAYLE, CHAIRMAN

JULY 17, 1981
ORLANDO, FLORIDA

GOOD MORNING (AFTERNOON), CHAIRMAN QUAYLE AND SUBCOMMITTEE MEMBERS, I AM WALLACE ORR, SECRETARY OF THE FLORIDA DEPARTMENT OF LABOR AND EMPLOYMENT SECURITY. I'D LIKE TO THANK YOU FOR BRINGING THIS HEARING TO FLORIDA AND GIVING US THE OPPORTUNITY TO PROVIDE YOU WITH SOME OF OUR VIEWS ON THE NATION'S EMPLOYMENT AND TRAINING POLICY.

IT IS A SAD FACT OF LIFE THAT NOT EVERYONE IN THIS NATION WHO WANTS A JOB CAN FIND A JOB. THAT WAS THE REASON FOR HAVING A NATIONAL EMPLOYMENT AND TRAINING POLICY IN THE PAST, AND THE REASON WE NEED ONE TODAY. WE WANTED TO OFFER PEOPLE THE PROMISE OF A BETTER TOMORROW, AND WE LEARNED THAT THE PROMISE LIES IN THE INDEPENDENCE AND SELF-SUFFICIENCY THAT EMPLOYMENT BRINGS.

WE'VE ALL HEARD THE CRITICISMS LEVELED AT CETA IN RECENT MONTHS, THE EMPLOYMENT SERVICE, AND ANY ONE OF THE MYRIAD OF JOB TRAINING AND PLACEMENT PROGRAMS THAT THE FEDERAL GOVERNMENT HAS CREATED TO HELP PEOPLE GO TO WORK. SOME OF THOSE CRITICISMS HAVE HAD BASIS IN FACT: IT IS TRUE THAT SOME PEOPLE HAVE BEEN TRAINED FOR JOBS WITH LIMITED OPPORTUNITIES: IT IS TRUE THAT THERE HAVE BEEN ABUSES IN THE CETA PROGRAMS: IT IS TRUE THAT DESPITE SPENDING MILLIONS OF DOLLARS ON JOB TRAINING AND PLACEMENT, WE STILL HAVE AN UNEMPLOYMENT RATE OF 7.3 PERCENT NATIONWIDE.

BUT IT IS EQUALLY TRUE THAT PEOPLE HAVE FOUND GOOD JOBS WITH PROMISING FUTURES THROUGH THOSE SPECIAL TRAINING PROGRAMS. IT IS EQUALLY TRUE THAT FOR EVERY CETA PROGRAM THAT HAS BEEN ABUSED, THERE ARE HUNDREDS ABOVE REPROACH. AND IT IS EQUALLY

TRUE THAT SOME PROGRAMS HAVE SAVED MILLIONS OF DOLLARS IN WELFARE PAYMENTS TO PEOPLE WHO WERE ONLY LOOKING FOR A WAY TO REALIZE THE AMERICAN DREAM.

SO WHAT'S WRONG WITH OUR PROGRAMS? TO SAY THAT WE HAVE AN EMPLOYMENT AND TRAINING SYSTEM IS, I THINK, INCORRECT. WE DON'T HAVE A SYSTEM. WE HAVE A SERIES OF JOB TRAINING AND PLACEMENT PROGRAMS THAT OPERATE INDEPENDENTLY OF EACH OTHER. THEREIN LIES OUR PROBLEM. THE PROGRAMS DON'T SEEM TO WORK TOGETHER. AT TIMES, I THINK, THEY ACTUALLY WORK AGAINST EACH OTHER AS PROGRAM OFFICIALS JEALOUSLY GUARD THEIR TERRITORIES.

OUR PROGRAMS ARE TOO FRAGMENTED, AND WE NEED SOMETHING TO PULL THEM TOGETHER, SOMETHING TO TURN THOSE PROGRAMS INTO A COHESIVE SYSTEM THAT CAN PROVIDE EMPLOYMENT AND TRAINING SERVICES TO ANYBODY, NO MATTER WHAT HIS OR HER NEEDS ARE.

THE KEY TO THAT SYSTEM IS A CENTRAL INTAKE CENTER, LOCATED IN MOST COMMUNITIES, WHICH WOULD TAKE APPLICANTS AND EVALUATE THEIR BACKGROUNDS AND SPECIAL TRAINING NEEDS. THOSE NEEDS WOULD BE MATCHED WITH AVAILABLE JOB TRAINING PROGRAMS AND THE APPLICANT WOULD BE ENROLLED IN THE MOST APPROPRIATE ONE. AFTER COMPLETING THEIR TRAINING, THE APPLICANTS WOULD RETURN TO THE CENTER FOR JOB PLACEMENT.

ANY NUMBER OF EXISTING PROGRAMS COULD SERVE AS THAT CENTRAL INTAKE CENTER, INCLUDING THE EMPLOYMENT SERVICE, WHICH ALREADY HAS A NETWORK OF LOCAL OFFICES. THE ONLY WAY SUCH A SYSTEM CAN SUCCEED, HOWEVER, IS IF EACH TRAINING PROGRAM REFUSES TO ACCEPT

APPLICANTS UNLESS THEY HAVE BEEN CERTIFIED AS ELIGIBLE BY AN INTAKE CENTER. THAT WOULD GUARANTEE THAT EACH INDIVIDUAL RECEIVES THE TYPE OF TRAINING BEST SUITED TO THE LABOR MARKET.

THAT SYSTEM WOULD IMPROVE THE EFFECTIVENESS OF TRAINING PROGRAMS BY TAKING AWAY THE BURDEN OF PLACEMENT FROM OTHER SERVICE PROVIDERS. IT WOULD INCLUDE LOCAL INVOLVEMENT IN TRAINING EFFORTS BY RETAINING COMMUNITY ADVISORY COUNCILS WHICH ASSESS LOCAL EMPLOYMENT NEEDS, AND WHICH ENCOURAGE PRIVATE BUSINESS TO BECOME ACTIVE IN CETA ON-THE-JOB TRAINING AND CLASSROOM TRAINING PROGRAMS.

BUT SOLVING THE EMPLOYMENT NEEDS OF THE PEOPLE OF THIS NATION GOES BEYOND COORDINATING TRAINING AND PLACEMENT ACTIVITIES. LET'S FACE FACTS. THE PEOPLE WHO NEED THOSE PROGRAMS ARE MOST OFTEN UNSKILLED AND POOR.

NO FEDERAL OR STATE AGENCY CAN TAKE THE PRODUCT OF A LOW-INCOME FAMILY WHO HAS SURVIVED ONLY ON WELFARE FOR DECADES, GIVE THAT INDIVIDUAL SOME TRAINING, AND MAKE THAT PERSON READY TO DO A JOB.

THERE IS MORE TO DOING A JOB THAN ACTUALLY PERFORMING THE DAILY FUNCTIONS, AND ANYONE WHO HAS EVER WORKED SHOULD REALIZE THAT. WE KNOW THAT A GOOD WORKER REPORTS TO WORK ON TIME, AND ASKS PERMISSION TO TAKE TIME OFF. WE KNOW THAT WORKING EIGHT HOURS MEANS WORKING EIGHT HOURS. BUT SOME OF THE PEOPLE WHO NEED OUR TRAINING PROGRAMS DON'T HAVE OUR EXPERIENCES, AND SO THEY NEED SOME EXTRA HELP IN LEARNING ABOUT WORK PRACTICES. SO TRAINING MUST GO BEYOND JUST THE RUDIMENTS OF THE JOB AND INCLUDE THE EXTRA RESPONSIBILITIES THAT ARE ASSOCIATED WITH WORKING.

IN ADDITION, IF WE ARE TO BECOME MORE DEPENDENT ON PRIVATE INDUSTRY TO PROVIDE JOBS FOR PEOPLE WHO COMPLETE OUR TRAINING PROGRAMS, THEN WE NEED TO OFFER PRIVATE INDUSTRY AN INCENTIVE. NO EMPLOYER HIRES A WORKER FOR ALTRUISTIC REASONS -- AN EMPLOYER WANTS TO KNOW IF THE WORKER CAN DO THE JOB. OUR BEST OPTION HAS BEEN THROUGH A FINANCIAL INCENTIVE, SOMETHING LIKE THE TARGETED JOBS TAX CREDIT PROGRAM, WHICH PRIMED THE HIRING PUMP FOR CERTAIN SPECIAL GROUPS. YET THE T-J-T-C PROGRAM IS SCHEDULED TO EXPIRE AT THE END OF 1981 AND NO SIMILAR PROGRAM HAS BEEN SUGGESTED TO REPLACE IT. I SINCERELY BELIEVE THAT FINANCIAL INCENTIVES ARE THE ONLY WAY SOME EMPLOYERS WILL TAKE A CHANCE ON HIRING CERTAIN WORKERS -- WORKERS WHO HAVE THE DESIRE TO MAKE IT ON THEIR OWN, WHO BACK UP THEIR PROMISES WITH GOOD WORKING PRACTICES, BUT WHO NEED AN EDGE IN GETTING IN THE EMPLOYMENT DOOR.

WE HAVE ADMINISTERED A WIDE VARIETY OF PROGRAMS, BUT THE MOST COMPLEX BY FAR, HAS BEEN THE CETA PROGRAM. SINCE ITS INCEPTION, CETA HAS UNDERGONE CONTINUOUS CHANGES IN REGULATIONS AND ADMINISTRATIVE POLICY, WITH NO ROOM FOR HUMAN ERROR. NONE OF US CLAIM TO BE PERFECT, BUT THE CREATION OF AN ACCEPTABLE ERROR RATE FOR ADMINISTERING THE CETA PROGRAMS WOULD EASE OUR LIABILITY AND THAT OF OUR PRIME SPONSORS FOR MISTAKES THAT ARE BOUND TO OCCUR.

IN CLOSING, I WOULD SAY TO YOU THAT NO PROGRAM, NO MATTER HOW CAREFULLY PLANNED AND RESPONSIBLY ADMINISTERED, CAN SOLVE ALL OF THE EMPLOYMENT PROBLEMS OF THE PEOPLE OF THIS NATION. THEIR NEEDS ARE TOO VARIED AND THEIR PROBLEMS TOO LARGE.

IT'S A COMMON PRACTICE FOR GOVERNMENT AGENCIES TO TALK ABOUT COOPERATION AND SHARING RESOURCES TO SERVE THEIR COLLECTIVE AND INDIVIDUAL PURPOSES. I DON'T THINK THOSE WORDS SHOULD BE EMPTY ONES -- I BELIEVE THAT THE VARIOUS PROGRAMS THAT ALREADY EXIST ARE GOOD ONES THAT CAN BE MADE BETTER IF THEY WORK TOGETHER IN A UNIFIED APPROACH TO SOLVING THIS COUNTRY'S EMPLOYMENT PROBLEMS.

TOO MANY PEOPLE HAVE THE AMERICAN DREAM WITHIN SIGHT, BUT JUST BEYOND THEIR REACH. BY ESTABLISHING A SYSTEM THAT WILL ALLOW US TO WORK TOGETHER, WE CAN PLACE THAT DREAM NOT ONLY WITHIN REACH, BUT MAKE IT REALITY.

THANK YOU.

TESTIMONY
OF
DR. CHARLES R. RUSSELL, DIRECTOR
DIVISION OF EMPLOYMENT AND TRAINING
FLORIDA DEPARTMENT OF LABOR AND EMPLOYMENT SECURITY
BEFORE
SENATE SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
SENATOR QUAYLE, CHAIRMAN
JULY 17, 1981
ORLANDO, FLORIDA

GOALS AND OBJECTIVES OF AN EMPLOYMENT AND TRAINING POLICY

AT THE END OF WORLD WAR II, THE NATION SUDDENLY FOUND ITSELF WITH AN UNEMPLOYMENT PROBLEM AS MILLIONS OF SERVICEMEN AND SERVICEWOMEN RETURNED TO CIVILIAN LIFE. THE EMPLOYMENT ACT OF 1946 WAS PASSED BY THE CONGRESS TO COMMIT THE NATION TO AN EMPLOYMENT AND TRAINING POLICY AND OTHER POLICIES RELATING TO INDUSTRIAL PRODUCTIVITY. DURING THE THIRTY-FIVE YEARS SINCE 1946, MANY PIECES OF LEGISLATION HAVE BEEN IMPLEMENTED IN THE AREAS OF PRODUCTIVITY AND EMPLOYMENT AS THE NATION HAS ATTEMPTED TO SOLVE THE EMPLOYMENT PROBLEMS FACING ITS PEOPLE.

WHILE THE EMPLOYMENT AND TRAINING POLICY CHANGED OVER THE YEARS, THE GOAL HAS REMAINED ESSENTIALLY THE SAME: THE DEVELOPMENT OF A TRAINED WORK FORCE LEADING TO FULL EMPLOYMENT (DEFINED IN TERMS OF AN UNEMPLOYMENT RATE OF FOUR TO FIVE PERCENT, OR LESS, SINCE APPROXIMATELY THAT PROPORTION OF THE WORK FORCE IS BETWEEN JOBS AND/OR TEMPORARILY UNEMPLOYED). CURRENT AND PROJECTED CONDITIONS SUGGEST THE CONTINUATION OF THE SAME GOAL, ESPECIALLY WHEN ONE CONSIDERS THE ALTERNATIVES WHICH HAVE BEEN ADDRESSED BY A PRO-

LIFERATION OF SOCIAL PROGRAMS THAT MAY PROVIDE TEMPORARY RELIEF BUT LITTLE LONG-TERM BENEFITS. AN EMPLOYMENT AND TRAINING POLICY SHOULD BE CONCERNED PRIMARILY WITH THE UNEMPLOYED WHO DO NOT HAVE SALEABLE SKILLS AND SECONDARILY WITH THE UNEMPLOYED WHOSE SKILLS BECOME OBSOLETE AS A RESULT OF TECHNOLOGICAL ADVANCES. THREE BASIC DEFINABLE OBJECTIVES SHOULD BE:

1) TO ASSIST THE UNEMPLOYED IN OBTAINING EMPLOYMENT;
2) TO PROVIDE JOB TRAINING FOR UNEMPLOYED PERSONS WHO DO NOT HAVE A SALEABLE SKILL;
3) TO PROVIDE TRAINING FOR INDIVIDUALS WHO ARE UNEMPLOYED DUE TO TECHNOLOGICAL ADVANCES AIMED AT IMPROVED PRODUCTIVITY. THE TIME TO RETRAIN WORKERS WITH THESE OBSOLESCING SKILLS IS BEFORE THEY ARE LAID OFF AND REPLACED BY TECHNOLOGY.

THESE OBJECTIVES ARE MEASURABLE THROUGH EXISTING EVALUATION STANDARDS. AN OVERRIDING CONCERN IN ALL OF OUR EFFORTS TO SOLVE THE EMPLOYMENT AND JOB TRAINING PROBLEMS FACING THIS COUNTRY HAS BEEN AND CONTINUES TO BE COUNTERACTING THE NOTION

THAT SUGGESTS ONLY EMPLOYED PERSONS ARE SOCIAL AND ECONOMIC ASSETS AND UNEMPLOYED PERSONS ARE SOCIAL AND ECONOMIC LIABILITIES.

Too MANY OF OUR CITIZENS BELIEVE AN INVESTMENT IN TRAINING THE UNEMPLOYED IS A WASTE.

We IN THE Florida Department OF Labor AND Employment Security BELIEVE THAT THE ENTIRE WORK FORCE - EACH INDIVIDUAL - IS AN ASSET IF PROVIDED NEEDED SKILLS, AND THAT AN INVESTMENT IN TRAINING THE UNEMPLOYED IS CHEAPER THAN FUNDING SOCIAL PROGRAMS TO CARE FOR THE UNEMPLOYED.

The Best Methods for Carrying Out the Objectives of an Employment and Training Policy.

An EFFECTIVE Employment AND Training POLICY MUST INVOLVE PRIVATE EMPLOYERS IN THE TRAINING OF THE UNEMPLOYED. The USE OF INCENTIVES HAS BEEN RESPONSIBLE FOR INCREASING THE INVOLVEMENT OF THE PRIVATE SECTOR. Perhaps THE MOST PROMISING INCENTIVE DURING THE 1980's IS

PROCUREMENT CONTRACTS IN THE BASIC AND MANUFACTURING INDUSTRIES. THE INCLUSION OF PROVISIONS FOR OJT IN PROCUREMENT CONTRACTS WOULD WORK WONDERS WITH RESPECT TO ENABLING THE UNEMPLOYED TO OBTAIN SALEABLE SKILLS IN DEMAND AREAS. GOVERNMENT PROCUREMENT CONTRACTS COULD SET AN EXAMPLE IN THIS REGARD.

IT IS A TRUISM THAT EXPERIENCE IS THE BEST TEACHER, AND IN FLORIDA WE HAVE DEMONSTRATED THAT A COMBINATION OF TRAINING METHODS THAT INCLUDES ON-THE-JOB EXPERIENCE WITH A PROSPECTIVE EMPLOYER IS THE MOST COST-EFFECTIVE APPROACH TO BE USED IN TRAINING THE UNEMPLOYED. WE ARE CURRENTLY EXPLORING WAYS TO INVOLVE THE VERY SMALL EMPLOYER IN PROVIDING OJT SLOTS. ONE BARRIER TO THE VERY SMALL EMPLOYER'S PARTICIPATION IS THE FACT THAT HE NEEDS ONLY ONE OR TWO EMPLOYEES AT A TIME AND OUR OJT PROGRAMS ARE USUALLY DESIGNED TO ACCOMMODATE A GROUP OF TEN OR MORE.

WE SUPPORT A CORRELATED COMPREHENSIVE DELIVERY OF SERVICES BASED UPON THE NEEDS OF THE AREA SERVED BY THE PRIME SPONSORS, WHETHER THAT PRIME SPONSOR IS A UNIT OF LOCAL GOVERNMENT, OR THE BALANCE

OF STATE CONSORTIUM CONSISTING OF UNITS OF LOCAL GOVERNMENT THAT ARE EITHER TOO SMALL TO BE A PRIME SPONSOR OR DO NOT DESIRE TO BE A PRIME SPONSOR.

WE SUPPORT THE POSITION THAT SINCE THE BALANCE OF STATE PRIME SPONSOR IS IN REALITY A CONSORTIUM, BOS PRIMES SHOULD BE ELIGIBLE FOR AND RECEIVE A BONUS FROM THE FUNDS SET ASIDE FOR CONSORTIA. THE CETA ACT SHOULD RECOGNIZE BALANCE OF STATE PRIME SPONSORS AS CONSORTIA AND SHOULD RECEIVE THE SAME BENEFITS THEREOF.

WE SUPPORT A SINGLE EMPLOYMENT AND TRAINING COUNCIL WITHIN EACH PRIME SPONSOR WHICH WOULD HAVE A CONCURRENCE AUTHORITY WITH THE PRIME SPONSOR WITH THE PROVISION THAT IF CONCURRENCE IS NOT REACHED, THE ULTIMATE AUTHORITY RESTS WITH THE CHIEF ELECTED OFFICIAL OR HIS DESIGNEE. THE COUNCIL REPRESENTATION SHOULD HAVE AT LEAST 51% OF ITS MEMBERS APPOINTED FROM PRIVATE BUSINESS AND INDUSTRY. THE BALANCE OF THE COUNCIL SHOULD REFLECT THE COMMUNITY IN GENERAL AND ORGANIZATIONS INVOLVED IN EMPLOY-

MENT AND TRAINING PROGRAMS AS DETERMINED BY THE PRIME SPONSOR.

WE SUPPORT THE FOLLOWING ELIGIBILITY CRITERIA FOR CETA ELIGIBLES:

1) UNEMPLOYED OR UNDEREMPLOYED

2) FAMILY INCOME NOT TO EXCEED 125% OF THE LOWER LIVING STANDARD INCOME LEVEL

3) UPGRADING AND RETRAINING ELIGIBILITY CRITERIA CURRENTLY IN PLACE SHOULD BE CONTINUED (SECTION 221 (B) (2). PRIME SPONSORS SHOULD DETERMINE THE PROGRAM MIX BASED UPON LOCAL CONDITIONS, INCLUDING CONSIDERATION FOR RETRAINING DISPLACED WORKERS.

THE STATE OF FLORIDA SUPPORTS THE CONCEPT OF TARGETING PROGRAMS TO THOSE MOST IN NEED. THE GROUPS TO BE TARGETED, HOWEVER, SHOULD BE DETERMINED BY THE PRIME SPONSOR BASED UPON LOCAL CONDITIONS. TARGETING MAY ALSO BE USED FOR TRAINING FOR JOBS WHERE THERE IS A DEMONSTRATED NEED.

ROLE OF THE STATE IN THE EMPLOYMENT AND TRAINING SYSTEM.

STATES HAVE FUNCTIONS THAT CUT ACROSS CITY AND COUNTY JURISDICTIONS IN SUCH AREAS AS TRANSPORTATION, HEALTH, COMMERCE, AGRICULTURE, AND HIGHER EDUCATION. AS A RESULT, STATES ARE UNIQUELY EQUIPPED TO COORDINATE A VARIETY OF ACTIVITIES WITHIN A FUNCTION AND/OR ACROSS SEVERAL FUNCTIONS. FURTHER, STATES HAVE ACCESS TO RESOURCES THAT ARE NOT READILY AVAILABLE TO LOCAL PRIME SPONSORS.

WE THEREFORE SUPPORT THE CONCEPT THAT THE STATE SHOULD COORDINATE AND CORRELATE EMPLOYMENT AND TRAINING PROGRAMS WITHIN ITS BOUNDARIES AND PROVIDE SPECIAL SERVICES PRIMARILY IN RESEARCH AND INNOVATION FOR THE USE OF PRIME SPONSORS AND OTHERS WITHIN THE DELIVERY SYSTEM. WE FURTHER SUPPORT THE CONTINUATION OF A STATE EMPLOYMENT AND TRAINING COUNCIL (SETC) BUT WITH A DIFFERENT MIX IN REPRESENTATION. CURRENT REGULATIONS REQUIRE A DISPROPORTIONATE REPRESENTATION OF SERVICE DELIVERERS AND PROGRAM PARTICIPANTS AND A LIMITED REPRESENTATION OF PROSPECTIVE EMPLOYERS. WE BELIEVE THE COUNCIL CAN BE MORE EFFECTIVE IN ITS OVERALL

MISSION IF AT LEAST 51% OF THE MEMBERS ARE FROM PRIVATE BUSINESS AND INDUSTRY.

ECONOMIC DEVELOPMENT.

FOR THE PAST TWO YEARS, WE HAVE ATTEMPTED TO OBTAIN CLARIFICATION OF THE REGULATIONS AS THEY RELATE TO ECONOMIC DEVELOPMENT FROM OUR REGIONAL OFFICE OF THE U. S. DEPARTMENT OF LABOR. THE PROBLEM IS EXISTING REGULATIONS PROHIBIT THE USE OF CETA FUNDS FOR ECONOMIC DEVELOPMENT ON THE ONE HAND BUT PERMIT CERTAIN COSTS WHICH MAY BE INTERPRETED AS ADVANCING ECONOMIC DEVELOPMENT OPPORTUNITIES. GOVERNOR GRAHAM HAS ESTABLISHED ECONOMIC DEVELOPMENT AS A MAJOR GOAL OF HIS ADMINISTRATION AND HAS CONSISTENTLY URGED PRIVATE BUSINESS AND INDUSTRY TO PROVIDE JOB TRAINING AND EMPLOYMENT OPPORTUNITIES FOR FLORIDA'S UNEMPLOYED, DISADVANTAGED AND UNDEREMPLOYED.

WE THEREFORE SUPPORT THE POSITION THAT EMPLOYMENT AND TRAINING POLICIES SHOULD BE TOOLS FOR ADVANCING ECONOMIC DEVELOPMENT AND THAT THE EMPLOYMENT AND TRAINING POLICY SHOULD BE MORE

CLEARLY ALIGNED WITH THE PRESIDENT'S POLICIES RELATING TO ECONOMIC DEVELOPMENT.

PERFORMANCE-BASED MANAGEMENT.

THE CETA ACT AND REGULATIONS HAVE FORCED PRIME SPONSORS TO MANAGE THEIR PROGRAMS BASED UPON PROCESS RATHER THAN PERFORMANCE. THE FORCE IS BROUGHT ABOUT BY PENALIZING PRIME SPONSORS WHEN THEY VARY FROM A PRESCRIBED PROCEDURE WHETHER THAT PROCEDURE IS PRACTICAL IN A GIVEN SITUATION OR NOT (THE PENALTY IS IN THE FORM OF A DISALLOWED COST WHICH MUST BE REPAID BY LOCAL OR STATE FUNDS). WE SUPPORT THE CONCEPT OF PERFORMANCE-BASED MANAGEMENT WITH THE PERFORMANCE STANDARDS BEING MUTUALLY AGREED UPON BETWEEN THE PRIME SPONSOR AND THE U. S. DEPARTMENT OF LABOR AND THE BEGINNING OF THE FISCAL YEAR ACCOMPANIED BY A MONITORING OF THE PERFORMANCE ON A QUARTERLY BASIS. PERFORMANCE-BASED INCENTIVES, OVER AND ABOVE ALL ALLOCATED FUNDS, COULD BE PROVIDED TO PRIME SPONSORS WHO EXCEED THEIR PERFORMANCE GOALS, PROVIDED ADDITIONAL FUNDING IS JUSTIFIED BY DEMONSTRATIONS OF NEED.

AUDITS AND LIABILITIES.

THE CETA ACT AND REGULATIONS REQUIRE PRIME SPONSORS TO SUBCONTRACT WITH GOVERNMENTS AND NON-PROFIT, COMMUNITY-BASED ORGANIZATIONS OVER WHOM THEY HAVE NO CONTROL. IF THE SUBCONTRACTORS COMMIT ANY ERRORS, HOWEVER, THE PRIME SPONSOR IS HELD ACCOUNTABLE AND REQUIRED TO PAY FOR THESE ERRORS FROM LOCAL FUNDS (FROM STATE FUNDS FOR STATE PRIME SPONSORS) REGARDLESS OF WHOM WAS AT FAULT FOR THE ERROR THAT RESULTED IN A DISALLOWED COST. LOCAL AND STATE GOVERNMENTS ARE STRONGLY OPPOSED TO SUCH FUNDS BEING ALLOCATED FROM THEIR OWN REVENUE SOURCES. A SECOND AUDIT-RELATED ISSUE IS THAT PRIME SPONSORS ARE EXPECTED TO ADMINISTER AN "ERROR-FREE" PROGRAM WITH NO ROOM FOR HUMAN ERROR. THE CETA ACT IS A VERY COMPLICATED PIECE OF LEGISLATION THAT HAS BEEN SUBJECTED TO CONSTANT CHANGES IN REGULATIONS AND ADMINISTRATIVE POLICY. THE RESULT IS CONFUSION THAT LEADS TO ERRORS AS THE NATURAL ORDER OF THINGS.

WE SUPPORT THE ESTABLISHMENT OF AN ACCEPTABLE ERROR RATE THAT

WOULD CREATE A REALISTIC MECHANISM TO ALLEVIATE PRIME SPONSOR'S LIABILITIES FOR HUMAN ERROR.

WE ALSO SUPPORT THE POSITION THAT THE PRIME SPONSOR SHOULD NOT BE HELD LIABLE FOR THE DISALLOWED COSTS OF SUBCONTRACTORS WHEN THE DISALLOWANCE WAS THROUGH NO FAULT OF THE PRIME SPONSOR. THE DEPARTMENT OF LABOR SHOULD COLLECT THESE DISALLOWED COSTS DIRECTLY FROM THE SUBCONTRACTOR, AFTER APPLYING A SIMILAR "ACCEPTABLE ERROR RATE" AS MENTIONED ABOVE.

DR. CHARLES B. RUSSELL, DIRECTOR
DIVISION OF EMPLOYMENT & TRAINING
TALLAHASSEE, FLORIDA 32301

TESTIMONY

OF

ROD WILLIS, CHIEF, BUREAU OF EMPLOYMENT SERVICES

DIVISION OF EMPLOYMENT SECURITY

FLORIDA DEPARTMENT OF LABOR AND EMPLOYMENT SECURITY

BEFORE

SENATE SUB-COMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

SENATOR QUAYLE, CHAIRMAN

JULY 17, 1981

ORLANDO, FLORIDA

MR. CHAIRMAN, MEMBERS OF THE SENATE EMPLOYMENT AND PRODUCTIVITY SUB-COMMITTEE: I AM ROD WILLIS, CHIEF, BUREAU OF EMPLOYMENT SERVICES, OF THE FLORIDA DEPARTMENT OF LABOR AND EMPLOYMENT SECURITY. WE ARE RESPONSIBLE FOR THE OPERATION OF 94 LOCAL EMPLOYMENT SERVICE OFFICES THROUGHOUT FLORIDA. I WANT TO THANK YOU FOR AFFORDING ME THE OPPORTUNITY TO TESTIFY BEFORE THIS SUB-COMMITTEE TODAY REGARDING EMPLOYMENT AND TRAINING POLICY ISSUES.

THE VIEWPOINTS I WILL EXPRESS ARE NOT MERELY THE OPINIONS OF ONE MORE STATE EMPLOYMENT SERVICE PARTISAN. DURING FY'1980, FLORIDA'S PLACEMENT PRODUCTION PER STAFF YEAR WAS EXCEEDED ONLY BY THAT OF NORTH DAKOTA. IN TERMS OF COST PER PLACEMENT, OUR PERFORMANCE ($78.70) NOT ONLY LED THE COUNTRY, BUT WAS NEARLY TWICE AS EFFICIENT AS THE NATIONAL AVERAGE ($151.59). FLORIDA'S TARGETED JOBS TAX CREDIT (TJTC) ACHIEVEMENTS RANK US #1 IN THE NATION AND WE HAVE, FOR YEARS, OPERATED ONE OF THE NATIONS MOST EFFECTIVE WORK INCENTIVE PROGRAMS PROVIDING JOB

FINDING ASSISTANCE TO WELFARE MOTHERS. SO, I SPEAK TO YOU NOT JUST FROM EXPERIENCE, BUT FROM PRODUCTIVE EXPERIENCE. IN LIGHT OF THIS, I OFFER THE FOLLOWING COMMENTS IN AN EFFORT TO FURTHER THE DEVELOPMENT OF A COMPREHENSIVE NATIONAL EMPLOYMENT AND TRAINING POLICY.

FULL EMPLOYMENT SHOULD BE THE PRIMARY OBJECTIVE OF ANY EMPLOYMENT AND TRAINING POLICY. FULL EMPLOYMENT SHOULD BE DEFINED AS ALL THOSE PERSONS WHO ARE ABLE TO BE EMPLOYED, ARE EMPLOYED WITH AN ACCEPTABLE LEVEL OF UNEMPLOYMENT. TO ACHIEVE FULL EMPLOYMENT, I PROPOSE A MODEL THAT PLACES PEOPLE IN JOBS IN THE SHORTEST PERIOD OF TIME.

CURRENTLY THERE IS NO EFFECTIVE OVERALL PROGRAM DESIGN OR MODEL. FRAGMENTATION IS PERVASIVE IN THE CURRENT SYSTEM. A COMPREHENSIVE REDESIGN IS NEEDED WHICH ELIMINATES FRAGMENTATION. THE MODEL MUST BE LIMITED IN SCOPE SO THAT THE EMPLOYMENT AND TRAINING STAFF CAN FOCUS ON THE GOAL OF FULL EMPLOYMENT. WHAT IS NEEDED IS A SYSTEM THAT FRONT LOADS PLACEMENT IN JOBS, BUT

USES TRAINING TO DEVELOP SKILLS, PARTICULARLY FOR YOUTH, WHICH WILL LEAD TO LONG-TERM CAREER DEVELOPMENT. THE KEY TO THIS APPROACH IS A COMPREHENSIVE CORRELATED INTAKE MECHANISM.

INTAKE, ELIGIBILITY AND PLACEMENT OF C.E.T.A. ELIGIBLES SHOULD BE THE TASK OF EMPLOYMENT SERVICES OR SOME OTHER ESTABLISHED REPUTABLE ORGANIZATION APPROVED BY THE U. S. DEPARTMENT OF LABOR. THE EMPLOYMENT SERVICES IS A STATE/FEDERAL SYSTEM THAT HAS A DEMONSTRATED TRACK RECORD IN EVALUATING THE UNEMPLOYED AND FINDING JOBS FOR THOSE SAME UNEMPLOYED. DESPITE THE FACT OF THE EXISTENCE OF AN EFFECTIVE SYSTEM, C.E.T.A. PROGRAMS IN MANY INSTANCES, HAVE CREATED AND PAID FOR ELIGIBILITY AND PLACEMENT SERVICE SYSTEMS. THIS HAS RESULTED IN DUPLICATION, FRAGMENTATION AND A LACK OF EFFICIENCY.

IT SHOULD BE NOTED THAT PERSONS IN TRAINING THAT ARE OF LOW ECONOMIC STATUS MAY NEED SUPPORTIVE SERVICES, SUCH AS CHILD CARE AND TRANSPORTATION. A COMPREHENSIVE EMPLOYMENT AND TRAINING POLICY SHOULD MAKE PROVISIONS FOR SUCH NEEDED SERVICES. IF THE CURRENT POLICY WHICH PROVIDES FOR C.E.T.A. ADMINISTRATION

BY MANY PRIME SPONSORS IS TO CONTINUE LEGISLATION SHOULD REQUIRE STATEWIDE CORRELATION AND EXCHANGE OF INFORMATION AMONG PRIME SPONSORS IN A GIVEN STATE. THIS NEED IS PARTICULARLY DOMINANT IN THE LARGER STATES SUCH AS FLORIDA.

TARGETING EFFORTS SHOULD BE INITIATED NOT ONLY TO VARIOUS CATEGORIES OF THE UNEMPLOYED, BUT TO BE SUCCESSFUL, TARGETING EFFORTS MUST BE WEIGHED TOWARD THE SPECIFIC OCCUPATIONAL NEEDS OF THE EMPLOYING COMMUNITY, I.E., MORE WEIGHT COULD BE GIVEN TO TRAINING PROGRAMS THAT WILL TRAIN FOR JOBS THAT HAVE HIGH DEGREES OF NEED COMMUNITY-WIDE OR STATE-WIDE. IT IS A DISSERVICE AND WASTEFUL TO PLACE ECONOMICALLY DISADVANTAGED APPLICANTS INTO TRAINING IN OCCUPATIONS FOR WHICH THEY WILL BE UNABLE TO FIND EMPLOYMENT. THE APPRENTICESHIP PROGRAM SETS A GOOD EXAMPLE IN REGARD TO TRAINING FOR JOBS THAT ARE NEEDED AND DEMAND EXISTS.

IN ADDITION, A NATIONAL EMPLOYMENT AND TRAINING POLICY SHOULD CONSIDER THE FOLLOWING:

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1. PROVISIONS OF A SUPPORT SYSTEM COMPRISED OF TRAINING SUBSIDIES AND SUPPORTIVE SERVICES (DAYCARE, TRANSPORTATION) TO SUSTAIN PUBLIC ASSISTANCE RECIPIENTS THROUGH TRAINING.

2. A RIGOROUS PROMOTIONAL CAMPAIGN TO REVERSE PEER/ PARENTAL PRESSURE TO ATTEND COLLEGE IN FAVOR OF PURSUIT OF THE SKILL, TECHNICAL TRADES.

3. A REVAMPING OF HIGH SCHOOL CURRICULUM TO REEMPHASIZE BASIC SKILLS (3 R'S). HEAVY EMPHASIS ON HANDS ON VOCATIONAL TRAINING SHOULD BE A POST-SECONDARY ACTIVITY.

PAST AND CURRENT EMPLOYMENT AND TRAINING INVESTMENTS HAVE PRODUCED A POSITIVE ECONOMIC IMPACT. OUR TASK NOW IS TO MAINTAIN THIS POSITIVE IMPACT WHILE EXPERIENCING THE FISCAL RESTRAINTS THAT ARE APPLIED TO U.S. DEPARTMENT OF LABOR PROGRAMS. I BELIEVE NOW IS THE TIME TO FALL BACK ON PROVEN

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FORMULAS AND SYSTEMS WHILE WE STREAMLINE OUR PROGRAMS BY ELIMINATING EXCESSIVE OVERHEAD AND WORK TO ELIMINATE REAL OR IMPLIED BIASES WHICH HINDER OUR EFFECTIVENESS. WE MUST BROADLY VIEW OUR TASK AS THE CREATION OF A NATIONAL ECONOMIC POLICY, WHICH INTEGRATES LOCAL SOCIAL NEEDS AND NOT MERELY DEVELOPS A NEW SOCIAL SYSTEM.

I URGE YOU TO MAKE THESE STEPS A FIRM PART OF THE NATION'S FUTURE EMPLOYMENT AND TRAINING POLICY.

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PRIVATE INDUSTRY COUNCIL

July 31, 1981

Mr. Robert Guttman, Counsel
Subcomittee on Employment and
Productivity
Dirksen Senate Office Building
Room 4230
Washington, D.C. 20510

Dear Mr. Guttman:

As you may know, the Dade County PIC Chairman Mr. Sylvan Meyer had planned to testify at the July regional hearings in Orlando, Florida. Mr. Meyer was to present a statement on behalf of the Private Industry Council of Dade County, Inc. and the Greater Miami Chamber of Commerce.

The enclosed statement is being forwarded to you, since the hearings were cancelled, in hopes that it may be entered into any record or considerations the Subcommittee may be involved in. Additionally, we would appreciate a schedule of any hearings to be held in the near future regarding E & T policy and programs so that the local business community can make its input. Thank you.

Sincerely,

Michael S. Griffey
Executive Director

Attachment

MSG/eo

Private Industry Council of Dade County, Inc. • 6555 N. W. 36th Street • Miami, Florida • 305 - 871-6850

STATEMENT OF SYLVAN MEYER ON BEHALF OF
THE PRIVATE INDUSTRY COUNCIL OF DADE COUNTY AND
THE GREATER MIAMI CHAMBER OF COMMERCE

before the

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

July 17, 1981

Mr. Chairman and members of the Committee. I am Sylvan Meyer, publisher of Miami Magazine and Chairman of the Private Industry Council of Dade County. I am representing the Dade County PIC and the Greater Miami Chamber of Commerce. With me today is Michael S. Griffey, Executive Director of the PIC.

There is no question that the evidence available to date documents the tremendous cost of a fragmented federal employment and training policy. In addition to the CETA system which cost the Federal government approximately $10 billion dollars last fiscal year, there are also a number of other programs which have been implemented to support a job training system.

These additional programs costing approximately $35 billion, are all aimed at providing unsubsidized jobs in the private sector, yet, not one requires major input of private employers. A partial listing of these other endeavors includes:

- Vocational education on which the Federal and State governments spent over $3 billion dollars annually.

- The Work Incentive Program, apprenticeship programs, and a plethora of programs which are administered by non-Department of Labor agencies.

- Unemployment Compensation which now provides about $20 billion dollars a year in benefits to alleviate hardships for the temporarily unemployed.

- The Trade Adjustment program which costs out at about $2.7 billion in FY '81.

- The various employment tax credits and the programs commonly referred to as targeted job creation programs, administered by HUD and the CSA.

In total, these programs including the CETA system, cost tax-payers approximately $45 billion dollars a year. Again, they are all geared to result in jobs for individuals in private industry. The point here is that with all these programs, money and requirements not one single program, with the exception of a small CETA Title VII, is geared to have major input and direction from employers. As you know, the result of these programs for the past 15 years has been to create a system which is extremely diversified and fragmented to a point where individuals in need of unsubsidized employment have fallen victim to bureaucracies often more interested in spending money and building structures, than in the end of providing mechanisms to put the unemployed into unsubsidized jobs in private industry.

Previous testimony on June 18 and June 19 in the Washington hearings of the Subcommittee has indicated strongly that there must be a heavy private sector involvement in any training and employment policy and any programs designed to relieve the conditions of the unemployed and disadvantaged. For example, the National Governors Association testified that "...new ways of securing private sector involvement must be explored". Additionally, the National Governor's Association commented that "...we need to deliver a sense of business community ownership in the system, we should explore tripartite configuration for a new system - one that would involve employers, employees and government". The U.S. Conference on Mayors pointed out that "...good employment and training programs should include a combination of tax incentives and wage subsidies to employers who agree to hire disadvantaged workers". In addition, they pointed out that economic development activities are needed that help us increase the total number of available jobs in private industry. The National Association on Counties, which still supports the basic CETA delivery system, also pointed out that there ought to be a shift in the emphasis to a high support OJT system in both the public and private sector. Their block grant approach suggests one advisory council whereby 51% of the members are composed of private sector individuals!

In June 15 testimony before the Committee, the Business Roundtable supported the heavy involvement of private industry in E & T policy formulation and program design and implementation. Their testimony pointed out that: "The private sector must participate much more closely in the design and implementation of employment and training policy. While primary responsibility for structural unemployment remains with the public sector, there must be an increase in private sector participation. Private Industry Councils have proven to be an important step in this partnership and should continue". The United States Chamber of Commerce in its testimony pointed out that: "The Private Sector Initiative Program should not be destroyed or changed before it has an opportunity to mature and prove its effectivenenss. The expertise of the private sector should be taken advantage of and their role increased in E & T program design and implementation".

The testimony to date strongly indicates that there must be a heavy private sector involvement as a first major element to a workable employment and training policy. The role for private employers is further supported by the facts that: First, 85% of the nation's jobs are in the private sector. Second, there is a need for an adequate pool of labor that has basic educational skills. Third, estimates indicate that private employers already spend anywhere from $40 to $100 billion dollars annually on training activities. Fourth, smaller businesses, where most new jobs are created, can least afford their own training and therefore need the support of a Federal employment and training program. Fifth, private employers have the greatest potential for training workers in new and expanding occupations which result from technological innovations. But, private business cannot always fill the labor market gaps in the growth industries. There must be a partnership between the Federal government and private industry to reach our national employment goals. In essence, the first element is that Federal employment and training policy and programs must be refocused to support and complement the existing role of private business in providing jobs, training and income.

For example, in Miami our PIC has contracted with over 90 different private sector employers who conduct the training and guarantee a job to our participants who successfully complete their skill training.

Recognizing this standard, there are four other elements which employment and training policies must encompass.

2) Flexibility in design and delivery mechanisms.

3) Training for jobs in the private sector should augment, not duplicate, current private industry efforts.

4) Employment and training programs should respond to increased productivity requirements which are needed to support a strong and growing economy.

5) There must be local determination in the planning, design and delivery of any programs which eminate out of an established policy.

(2) Flexibility in Design and Delivery

The principle of program flexibility is needed, not only to respond to today's work and training problems, but also to respond to rapidly changing economic and labor force conditions. Training programs must anticipate the future needs of the labor force and be responsive to growth conditions, occupations and skills in private industry. Flexibility will be needed at the local level in order to bring schools, employers and other agencies together in their efforts to work with youth who do not possess the basic education, skills, work habits, and attitudes to transition them into private sector jobs. Federal program policy must play a role in encouraging this cooperation. Secondly, they must be able to deal with the pool of adults who do not currently have the necessary skills for private sector employment.

As my opening statement indicated, employers in the past have typically been involved at the end of the work preparation stage in training efforts when an unsubsidized job is needed. If preparing individuals for jobs in the private sector is to be the goal of Federal employment policy and programs, then private industry must be involved in this process from beginning to end. Private industry must have the opportunity to design programs, participate in their implementation and be involved in assessing their effectiveness. If not, recourses will continue to be used for strategies and programs which do not always prepare individuals for employment. I am in no way suggesting that private industry take control of all federally sponsored training programs. I am however, suggesting that any job system will have a greater chance of achieving its objectives if business has the opportunity to be involved in decision making on an equal footing, as partners with government, education, and labor.

Flexible new approaches, such as those implemented by the Dade County PIC, can be used to cut the cost of an unsubsidized job placement through offering a mix of programs and services to employers. The Dade County PIC's, OJT, STP, Upgrading and Job Search programs have reduced its costs by approximately $300,000 because employers undertook combinations of these services which resulted in contributions of equipment, material and instruction. These approaches must be encouraged and, indeed, supported.

Abolishing such systems and programs may prove to be extremely wasteful in the long run. What is needed is to build on the accomplishments and capabilities of legitimate, effective programs in a new productive partnership with the private sector. As the Committee for Economic Development pointed out in its testimony: "New employment and training policies must be flexible enough to adapt to rapidly changing labor market needs." The flexibility envisioned is one where a wide range of incentives must be provided to the private sector to encourage and entice their participation. Such incentives should include OJT programs, customized or specialized training programs, tax incentives, cost reimbursement and the flexibility to design their own training programs which will answer the needs of those unskilled workers seeking private sector job opportunities. Other strategies which must be included are those which provide occupational skill training, more or better education to raise literacy levels, training in work life attitudes to develop productive and consistent work habits, teaching individuals how to apply for and secure jobs once they have undergone the basic training, and a partnership mechanism needed to deliver these diverse functions.

(3) Training for Jobs in the Private Sector

There has been no greater training and mobilization effort faced by private industry, in the history of this country, than at the outset of World War II. Seemingly, overnight through the effort of the War Mobilization Board, American business and industry essentially went from an agricultural based economy to a manufacturing economy. There will probably never be another such demonstration of the capacity of American private industry to train and employ workers to full productive capacity. As the U.S. Chamber of Commerce points out: "There is today a shortage of skilled workers which prevents many large industries from achieving full market capacity." This of course causes a drag on productivity rates and adds to the dimensions of inflation along cost-push lines. The Chamber further points out that most of today's job openings cannot be filled by "quick-fix" training programs. Workers must have good general education and training in the basic and advanced skills needed by private industry. Employers today must continue to cope with rapidly changing technology and societal problems. These skill shortages should be considered as a first priority in training and retraining displaced and unemployed workers. While vocational education programs are essential in providing individuals with the basic skills, we have been remiss in utilizing a potential training force equal to none-that of private industry. It must be borne in mind, that wherever training occurs it will only be as good as its ability to deliver a job to an individual. The Dade County PIC's "hire-first" concept has directly involved private employers in skill training; and, private industry has responded.

(4) Programs should Respond to Increased Productivity to Support a Strong Economy

Perhaps the single most barrier to achieving a strong and stable economy is the factor of inflation. As you know, there are two types, or contributors, to inflation. First, that which is termed "demand pull" by economists. This is where the demand for goods and services outstrips the economy's capacity to provide such goods and services and the cost paid rises beyond the relative worth of the good or service purchased. The second type of inflation is that called "cost push." This is where the cost of labor reaches a point which contributes to the price of goods or services far beyond their relative worth. The cost of labor, in turn, is directly tied to the man-hour productivity rates of the labor force. The traditional American business response to alarming drops in productivity rates, over the past years, has been to respond with increased technology and automation to offset the lower productivity rate of labor and, thereby, somewhat contain the increased labor costs. However, technological change and automation can only be implemented to a point in private industry because of heavy capitalization needed. There comes a point of diminishing returns on heavy capital expenditures for technological equipment and automation. It is clear today that the last resource that American industry has in fighting the battle of decreasing productivity is the labor force. Simply put, the American worker must become more productive in order to compete with the outstanding productivity rates of Japanese and West German workers, whose productivity output displaced the American workers' productivity rates to the result that there are large dislocations of workers in the automotive industry and the manufacturing sector. These workers must be trained to cope with emerging business technology that supports business growth and further economic development. The training, retraining and upgrading of skills needed by the American worker can be accomplished in the private sector with the support and cooperation of the vocational education systems, labor and government. This is no mean task, and employment and training policy must recognize this and provide the resources to increase the productivity of the American worker in the face of ever increasing competition and output by other industrialized societies.

Supervisors can be trained in dealing with the work force so that productivity can be increased in order to create business growth and new job opportunities. It is our opinion that employment and training policies should augment economic development policies and programs to foster such growth.

(5) Local Determination

The very recent tax propositions in the various states of the union and the mandate given by the American people to the current administration reflect the ever increasing cry for local determination. Indeed, the cry continues with regard to Federal employment and training policy. Federal decision making and control over employment and training programs must be reduced substantially to facilitate local design and delivery of services at the local labor market area level. The combination of services that best meet the different needs of communities can best be identified at the local levels where the problems exist. Problems and needs of individuals and employers are often unique to local labor markets and have seldom been effectively predicted by the Federal government. While Detroit may need job creation and economic development activities, Miami needs skill training to meet the labor demand for filling existing jobs.

As you know, employment and training policy over the past 15 years has burdened local delivery systems with new and changing national priorities, detailed regulations, massive amounts of red tape and so many diverse missions and mandates, that it is virtually impossible for local communities to even establish a response to the local needs and plan comprehensively at the labor market level where most economic decisions by individuals and business are made. In view of this system, or non-system, there is little wonder that

American industry has been reluctant to participate as it might have. The major reasons why local determination must be a part of the new employment and training policies are as follows:

1) Local determination would permit programming at a level where economic decisions by workers and employers are made.

2) It would get the Federal government out of local decision making.

3) There could be more leverage to utilize local resources for employment and training purposes.

4) The way would be cleared for greater private sector involvement in local ETA programming.

5) It would bring the private sector into the decision making at all the critical points.

And, lastly, it would facilitate public/private problem solving on important issues that must be addressed at the local level. In conclusion, the objectives of employment and training policy should require five major elements:

1) Heavy private sector involvement,

2) Flexibility in local design and delivery,

3) Training for jobs in the private sector whereby private sector training is augmented and not duplicated,

4) Training must respond to increasing productivity requirements which support a strong and growing economy,

5) There must be local determination to solve local problems.

Thank you, I would be happy to answer any questions you might have.

A PROPOSED NATIONAL EMPLOYMENT AND TRAINING POLICY

Statement Prepared for the
Senate Subcommittee on
Employment and Productivity

Chairman

The Honorable Dan Quayle

By A. Barclay Gardner
Administrator, Utah Department of Employment Security
and
President Elect, Interstate Conference of
Employment Security Agencies, Inc.

AUGUST 1981

PREFACE

The Comprehensive Employment and Training Act (CETA) and the Vocational Education Act are currently being considered for reauthorization by the Congress of the United States. As this is being done, it would seem wise to go beyond a review of these programs individually. It would seem appropriate to review the larger framework within which these programs function, to consider their respective roles and the roles of other programs with which they interface, to learn how this interfacing is occurring, and to determine if this interfacing is as successful as it should be.

To this end, it is suggested that there are four major programs which should be included in this review. They are: the State/Federal Employment Security Program, the Comprehensive Employment and Training Act Program, the Vocational Education Act Program, and the Vocational Rehabilitation Program. Through these four programs, the citizens of the United States receive most of the public employment and training services which are available to them.

In order to make these programs most effective from both a service standpoint and a cost effectiveness standpoint, a more clearly defined national employment and training policy needs to be articulated. Perhaps the Senate Labor and Human Resources Committee, through the Subcommittee on Employment and

Productivity, could spearhead such an effort. This paper is offered as one suggestion as to what such an employment and training policy might include.

This proposal has been reviewed by the Employment Security Administrators in Region VIII (Montana, North Dakota, South Dakota, Wyoming, Colorado, Utah), by representatives of the CETA administrators in Region VIII, by representatives of Utah State Government, by representatives of the Utah Manpower Planning Council, and by the Utah Employment Security Advisory Council. (These latter two organizations include representatives of the Utah AFL-CIO, the Utah Manufacturers Association, the State's largest private employers, a number of other employers, special interest organizations, and the public.) While these groups and individuals do not necessarily add their specific endorsement of this paper, there is general philosophical agreement with the proposals outlined herein. These suggestions are also in harmony with the policies of the Interstate Conference of Employment Security Agencies.

A PROPOSED NATIONAL EMPLOYMENT AND TRAINING POLICY

The strength of this nation is rooted in the belief of its citizens in work and the products of that work. This value of work is deeply ingrained and has long been recognized by the vast majority of the citizens of this nation as a means through which to realize most of their hopes and dreams for themselves and for their families. Thus, the United States is truly a nation of workers, truly a nation of individuals gainfully employed or hoping to be gainfully employed. Even in the worst of economic times, the great majority of the people have worked. Because of this, those who are without work are in a real sense without full citizenship.

Yet, that important element of citizenship continues to elude a sizable number of citizens because of the kaleidoscopic nature of the labor market. Even today major shifts are continuing to take place in the labor market. The number of families supported by one "breadwinner" is diminishing. The participation of women and youth in the labor force, as primary wage earners or as contributors to the economic strength of the family, is increasing substantially. These changes overlaying an already complex labor market bring into sharp focus the need for a national employment and training policy equal to the challenges this nation faces.

The complexity of this arena calls for a clear definition of purpose as a foundation upon which to build a strong employment and training policy. Programs which are a part of this must be explicit in terms of addressing both long-term structural problems, and short-term situational problems. Each part of the system must clearly understand its mission, its relationship to other programs, and to whom it is to provide services.

Employment and training policy should be national in scope. It should emphasize prevention, rather than remediation of employment related problems; but some remediation is necessary given current conditions. For example, programs should be concerned first with assuring that the populace is educated and trained in keeping with its needs and those of the economy, and that the training is in keeping with advancing technology. In addition, this policy should assure equal opportunity as a reality through access to education, training and work. Because the federal government has a major financial responsibility in areas related to income maintenance, it needs to have a strong financial interest in employment and training activities.

The basic responsibility for educating citizens, however, must remain with the states and local areas. This responsibility extends to providing citizens an opportunity to achieve a basic level of competence (preferably during their youth) and rests upon the primary and secondary school systems, appropriately financed with state and local funds. It should be emphasized that this educational responsibility and the educational process itself should focus on gainful employment and fulfilling individual vocational needs as the eventual outcome of its efforts.

Some individuals have left the primary and secondary school system early, for one reason or another, while others complete the basic courses but leave unprepared to compete in the labor market. Because of this, an effective alternative training program has become necessary. If individuals are to achieve a satisfactory standard of living, they must have relevant education or training (or re-training) so that they can fit into the jobs the economy is producing. Failure to provide appropriate education and training opportunities eventually leads to problems in the areas of welfare, health, crime, and social unrest. These forms of disfunctioning subsequently contribute to rising costs that place a heavy burden on the nation and its taxpayers.

Traditionally, special employment and training programs have served as battering rams to open employment doors to beginning level jobs for those individuals who have failed in the traditional systems. It is appropriate now to focus on providing such individuals with more meaningful skills and credentials, and more help in taking advantage of the higher level mainstream job opportunities which are emerging and are to some extent going unfilled.

An employment and training policy, if it is to be fully effective, should be based upon the recognition that employers, not governments, are the prime source of employment in the real labor market, and that our educational systems are the center of activity for most educational preparation for this employment. This should also recognize that the jobsite or place of work is where most occupational-specific training actually occurs.

States, through their state and local leaders, must also be involved in establishing state employment and training policy, for it is these leaders who have the ability and responsibility to coordinate services on a statewide and local basis. On this basis, the delivery of all services--employment, welfare, education, social insurance, rehabilitation, economic and community development, and health can be accomplished with a minimum of duplication, conflict, and overlap. It is here that these can be directed toward the development and maintenance of a skilled labor force. Indeed, it is here that efforts to create and maintain sufficient and appropriate work opportunities for the citizens of the state take place.

Because of the substantial and varying factors influencing local economies, no single set of administrative systems can develop an adequate delivery system of services. National policy development should, therefore, call for a broad-based, flexible approach that takes into account a variety of state and local circumstances with states having final responsibility for coordinating employment and training delivery systems. In summary, what is needed is an employment and training system that is flexible enough to meet the needs of the state, the local community, and particularly the individual.

To further enshrine work as important and to strengthen the overall opportunity for the citizens of this nation to participate in work activities on a productive basis, a national employment and training policy should:

1. Encourage to the fullest extent possible citizen self-sufficiency through work-related activities which offer the opportunity for development of each individual's vocational potential to the end that each citizen may be a productive member of society.

2. Emphasize the role of the primary and secondary school system in educating youth, including orientating them to the world of work and equipping them with skills that will assist them in transition into the labor market or into further training as may be desired.

3. Promote economic growth which will support effective human resource utilization in all facets of society, and emphasize work as a preferable source of income for all working age citizens who are able to work.

4. Foster private industry involvement in training and re-training efforts, to better meet the needs of both employers and workers.

5. Define the goals and objectives of employment and training programs to maximize services to those who have a need for these services, and make them broad-based and flexible enough to cover state and local circumstances with state and local responsibility for the delivery systems.

6. Support the administration of services within a framework which stresses coordination and cooperation among employment and training delivery systems so that programs will not duplicate each other.

7. Maintain a public Labor Exchange program available to all job seekers which has strong ties to private sector employers. Reinforce the insurance principle of Unemployment Insurance and re-establish it as the first line of defense in the case of economic related job losses. Advance the development of a comprehensive labor market information system with a national information base that focuses specifically upon state and local areas and that provides both socio-economic and occupational information.

8. Provide funding of comprehensive employment and training programs adequate to meet stated goals based upon a two-year funding period so as to increase the efficiency with which resources are managed and to maximize stability in services provided to the public.

9. Establish uniform program performance standards and definitions that allow program results and accomplishments to be easily and uniformily measured, recognizing that too many performance standards limit effective program management. Such measures should be based upon program objectives and goals, and should encourage synergetic cooperation among all delivery systems.

10. Continue to support appropriate rehabilitation of persons who, even though disabled, through the proper help can become vocationally successful.

Within this national employment and training policy, it is suggested that the delivery systems of Employment Security, Comprehensive Employment and Training Act (CETA), Vocational Education, and Vocational Rehabilitation be addressed as follows:

I. Employment Security

The Employment Security system as a state/federal system is unusual in government. It encompasses three major functions--employment service, unemployment insurance, and labor market information. This long standing state/federal partnership has made it possible to serve citizens in each individual state and in hundreds of local communities, and to provide services to individuals who have moved or wish to move across state lines.

The basic Employment Security operational costs are funded almost totally from the Federal Unemployment Tax Act (FUTA). These funds have been collected through a special tax on private employer payrolls so these funds are set apart from general revenue funds.

A. Employment Service (Job Service)

The public employment service, now called Job Service in most states, has as its basic mandate the maintenance of a public labor exchange available to men, women, and juniors. Legislation and other developments during the four-plus decades of its existence have considerably broadened the Employment Service activities beyond those specified in the original legislation. Some of these responsibilities are related to services for specially targeted applicant groups. Among these are the Vietnam-era veterans, the handicapped, older workers, youth, minorities, food stamp recipients, migrant seasonal farmworkers, and persons who may be eligible through such programs as the Work Incentive Program and the Comprehensive Employment and Training Program.

Even though this broadening has taken place, the Employment Service is still required to give service to all job seekers and is available for use by all legitimate employers. Job openings and referral opportunities occur in almost all occupational categories. Often special assists are given to job seekers and employers in circumstances that bring about a "match" that is of special significance to one or both parties. In total, the positive economic and human consequences of these situations have been very important.

The public employment service is a shared responsibility of the states through their Employment Security agencies and the Department of Labor's Employment and Training Administration (ETA). Each state is responsible for the operation of local employment offices, and the provision of services within its jurisdiction. ETA establishes policy, sets standards, approves each state's plan of service delivery, allocates the operating funds, and regularly compares each state's performance with that of all other states.

As a labor exchange, local employment offices match worker skills and interests with employer job openings. Any individual legally qualified to work in the United States without regard to place of residence, current employment status, or occupational qualifications is entitled to the services available from the Employment Service without charge. The Employment Service assists a wide spectrum of job-seekers, with special applicant groups the focus of special assistance. This includes workers entering the labor market for the first time or those re-entering after a period of inactivity. Upon completion of an application, appropriate services such as vocational counseling, testing, job referral, job development, and referral to other services such as CETA are available.

Support from the employer community is an essential element in the successful operation of most Employment Service programs, from its general labor exchange function to its special applicant services. It is only through the listing of job openings from private sector employers that the Employment Service is able to provide referral opportunities to Employment Service applicants.

A strong tie between the Employment Service and the private employer community is necessary and is basic to day-to-day operations. The need for this strong tie also serves as a strong incentive to the Employment Service to render the best possible service to both job seekers and employers. This tie is developed and perpetuated through a national Employer Job Service Improvement Committee, local Job Service Improvement Committees, and effective employer services. The quantity, quality, and variety of job listings available to Employment Service applicants is directly related to the effectiveness of service to employers placing job listings.

In order for the Employment Service to serve the best interests of job seekers and employers, national employment and training policy should:

1. Provide for a strong labor exchange program that is reasonably available to both urban and rural job seekers without charge and with statewide and national linkages. The placement of each individual job seeker in the best possible job should be the primary objective of the labor exchange.
2. Encourage a strong Employment Service link to the private sector and encourage the private sector to maintain a strong working relationship with the Employment Service.
3. Provide for Employment Service support to Comprehensive Employment and Training Act prime sponsors so that the most effective service possible is given to program clients.
4. Encourage the continuation of availability testing for those individuals drawing Unemployment Insurance through assisting them to find work.

B. Unemployment Insurance

Unemployment Insurance (UI) should be recognized as an essential component of any employment and training system. There is wide agreement that it has two general objectives: (1) to aid the unemployed individual and (2) to promote efficiency in the economy. An important objective of Unemployment Insurance is to provide adequate temporary income for workers who are unemployed through no fault of their own. Other objectives are to prevent the dispersal of an employer's trained labor force during periods of decreased production; prevent the breakdown of labor standards and confidence during temporary unemployment; stabilize employment by maintaining community purchasing power; and provide employers with an "experience rating" incentive to avoid unemployment.

Over the years, questions asking whether individual states should design a program to meet their individual economic climate or whether the federal government should set program standards have been debated. Such areas as qualifying requirements, weekly benefit amount, disqualification and duration provisions have often been targeted by these questions. Both the states and the federal government recognize, however, that an unemployment insurance program should provide: (1) qualifying requirements that afford insured status to those workers who, on the basis of their recent employment, are determined to be attached to the labor force; (2) a weekly benefit that is high enough in relation to the weekly wage as to protect beneficiaries against serious destruction of a reasonable standard of living during periods of temporary unemployment, yet not so high as to weaken their incentive to seek and accept suitable work; (3) disqualification provisions that penalize claimants for their acts that violate the law and bar from benefits those who are not truly attached to the labor market; and, (4) a benefits duration long enough to assure that the majority of those receiving benefits will have income support for a reasonable time in trying to locate or regain suitable employment.

The federal extended benefit program provides for lengthened benefit durations to claimants during periods of high unemployment. Although endorsed by both state and federal government, this extended benefit program has also been a point of concern. Currently, the program becomes operative by either a national or a state trigger, that recognizes both national recessions and state recessions. Since sub-national economies (states) vary in their economic climate, the general movement has been to do away with the national trigger. This is expected to take place soon.

Solvency of state trust funds has been of great concern since the recession of 1975 which resulted in the need for about one-half of the states to borrow from the Federal Unemployment Tax Account. The issue of establishing a program to protect states against catastrophic benefit costs is a real one. Reinsurance, therefore, should be considered as part of the overall UI program.

In order for the Unemployment Insurance program to be most effective, it is suggested that employment and training policy should:

1. Continue this as a state program with federal support. Federal advice and performance measures should be a part of the program, but federal claimant eligibility standards should not.
2. Support a program of extended benefits (EB), triggered by each state's insured unemployment rate. Such a program addresses the needs of the state economy. The creation of further extensions of unemployment benefits during higher periods of unemployment should be avoided. Special programs that specifically address long-term unemployment should deal with this problem and not be called unemployment insurance.
3. Finance unemployment insurance benefits primarily from state resources on a state-by-state basis, but create a federally coordinated reinsurance feature to help protect states against extraordinary economic problems. Such a program would add overall stability to state economies and help avoid insolvency of state trust funds.
4. Eliminate such programs as Trade Adjustment Assistance (TAA), Disaster Unemployment Assistance (DUA), and Redwood Employee Protection Program (REPP), and let existing programs such as Unemployment Insurance and other Employment and Training programs provide necessary service.

C. Labor Market Information

Labor Market Information (LMI) is a major product of the labor exchange function and the Unemployment Insurance program and should be an integral part of any employment and training program. LMI is critical to the effective planning, monitoring, and administration of a variety of economic, education, and employment-related programs.

LMI is evolving into four major activities: (1) labor force information on employment and unemployment and their characteristics; (2) occupational information relating to the characteristics of occupations and jobs which is used by local governments, Employment Security, CETA Prime Sponsors, Vocational

Education, private industry, and students; (3) placement assistance information designed to assist the individual job seeker; and, (4) program administration information to be used for program planning, management, and evaluation.

It is obvious that effective management of the LMI program requires careful coordination of this varied array of complex activities. The Department of Labor should have the lead responsibility in coordinating this program and the major source of funding should come from the Department. Technical leadership for the program should also come from the Department of Labor. There is an immediate need to further develop a national LMI program that not only better coordinates all functions which are now performed by Employment Security agencies under the heading of LMI, but also to better integrate these functions on the national level.

The diversity of LMI program functions and the involvement of various Department of Labor (DOL) organizations such as the Employment and Training Administration (ETA) and the Bureau of Labor Statistics (BLS) and the states in the LMI program, have led to differing definitions of LMI. These definitions usually emphasize data, data analyses, and data uses; but they have not proven to be adequate guides for the day-to-day management of a very large and complex national program. Therefore, a question of definitional content, as it relates to LMI has arisen.

Funds available to the LMI program are drawn primarily from the budgets of other Employment Security programs or from the Bureau of Labor Statistics (BLS). As a result, the funding process is fragmented and resources are not necessarily adequate for the services expected.

In order for labor market information to be appropriate to the needs of the nation and to the states and communities, national policy should:

1. Establish effective national LMI coordination within the Department of Labor, with the responsibility for developing a comprehensive LMI program.

2. Encourage a high degree of cooperation between Employment Security LMI Divisions, other manpower organizations, and community information user groups.
3. Develop a uniform, comprehensive definition of the LMI program that encompasses the work done by state LMI organizations and plan for future data needs as well as current needs, including providing the data processing support needed by the system.
4. Provide adequate funding for the LMI program, but not at the expense of other programs.

II. Comprehensive Employment and Training Act (CETA)

The Comprehensive Employment and Training Act (CETA) was designed to provide the economically disadvantaged, unemployed, or underemployed person job training and other services that would lead to employment opportunities, enhance self-sufficiency and result in an increase in earned income. CETA's mission over the last decade has been first and foremost to create jobs, which was probably appropriate as the economy strained to absorb the ever-increasing numbers of youth and female labor force participants. With the incorporation of the Public Service Employment (PSE) Program, the concept of personal responsibility seemed to shift to social responsibility and the government became employer of first resort rather than employer of last resort. However, with the phase-out of the PSE Program, now is the time to focus on increasing the proficiency levels of the "unskilled" so they are able to become contributors to society, not just receivers of services from society.

The resources of CETA and Employment Security are basic to the development of labor market exchange and employability development functions required of an employment and training system. The division of responsibility between the two is a key both to program clarity and to cost effectiveness. A suggested division of services would include assigning intake, certification, job referral and placement to the Employment Service and employability development to the CETA Program. This, then, would result in the assigning of job-ready clients to the Employment

Service and non-job ready clients to the CETA system, and would seem appropriate in light of the purpose and experience of both programs. It is suggested that CETA serve as a catalyst in the Employment and Training program in making maximum use of organizations that have shown an ability to reach and effectively serve those individuals most in need of these services.

Although unemployment rates continue to be the principal tool for identifying areas of greatest need and in the allocation of funds, it is recognized that such an indicator fails to adequately measure the "economically disadvantaged, or underemployed" for which the program is also intended. For this reason, a more effective measure of "need" must be developed and incorporated into the CETA allocation formulas. A combination of unemployment and family income is suggested in order to improve the formulas. Consideration should also be given to allocating funds to areas of unusual or special job growth so that training can be given in connection with new occupations that may be emerging.

In order for the reauthorized Comprehensive Employment and Training Act to serve most effectively, national employment and training policy should:

1. Provide for the promotion of interagency linkages, emphasizing the strengths of each agency in the provision of services.
2. Define a broad spectrum of persons to receive service with emphasis on the needy, the disadvantaged, the poor and the unskilled and provide for the development of common, consistent definitions of these.
3. Emphasize the use of delivery systems and agencies that have demonstrated an ability to provide good service, and eliminate service duplication.
4. Allow prime sponsors a broad measure of flexibility to plan, coordinate, evaluate, and implement comprehensive manpower plans appropriate to their communities.
5. Encourage the development of an adequate system of accountability and performance criteria. Accountability in a decentralized, decategorized system is complex. To the extent possible, the responsibility for developing performance indicators should be retained at the local level, thus assuring that the development of comprehensive employment and training services will be responsive to local labor market needs. Monitoring by the Employment and Training Administration (ETA) should be done, and should start with reviewing prime sponsor plans of service and then measuring performance in terms of the prime sponsor's approved goals.

6. Fund the program for a two-year period rather than the current one year at a time. This would add to the stability of the program and allow for more adequate planning and better administration. The elimination of the various titles, combining them into one single program, with prime sponsors determining the allocation of funds to specific areas of need, seems desirable.

7. Encourage more involvement of the private sector. Wage subsidies and tax credits designed to induce the absorption of the disadvantaged into private business should be used, but only within the context of the present program so as to avoid further administrative overhead.

III. Vocational Education

This employment and training policy suggestion also includes vocational education. The term "vocational education" properly includes all types of education that is designed to increase an individual's opportunities for occupational success. Vocational education should serve the occupational needs of people through unified programs and should provide for those who will not succeed in regular programs because of socio-economic and other obstacles.

As vocational education expenditures have increased in recent years, the principal focus has tended to remain on more traditional occupational categories. In other words, vocational education programs are not fully responsive to the needs of many labor markets. Limited attention has been given to new occupations in such fields as energy, and there is still need for further coordination between general and vocational education and programs serving CETA prime sponsors and the Employment Service. With respect to the Employment Service, better coordination and cooperation would be especially helpful in the labor market information field in general, and in the occupational forecasting activities in particular. The National Occupation Information Coordinating Committee and the counterpart State committees are beginning to bring direction and coordination to this area.

Against this background, the consensus that seems to be emerging from experimentation and outside input into the vocational education structure, suggests a need for a new policy and philosophy for occupational preparation. Knowing there is very little new that can be said about either of these two somewhat nebulous terms, it is proposed that the policy for vocational education draw heavily from the operational principles developed in 1967 by the Advisory Council on Vocational Education.

To make Vocational Education more effective, it is therefore suggested national employment and training policy emphasize that:

1. Vocational education cannot be meaningfully limited to the skills necessary for a particular occupation. It should be more appropriately defined as all of those aspects of educational experience which help a person to discover his or her talents, to relate them to the world of work, to choose an occupation, and to refine those talents and use them successfully in employment. In fact, orientation and assistance in vocational choice may often be more valid determinants of employment success, and therefore more profitable uses of educational funds, than specific skill training.

2. In a technology where only relative economic costs, not engineering "knowhow" prevent the mechanization of routine tasks, the age of "human use of human beings" may be within reach, but human beings must be equipped to do tasks which machines cannot do. Where complex instructions and sophisticated decisions make the boundary between the realm of man and the role of the machine, there is no longer room for any dichotomy between intellectual competence and manipulative skills and, therefore, between academic and vocational education.

3. In a labor force where most have a high school education, all who do not are at a serious competitive disadvantage. At the same time, however, a high school education alone cannot provide an automatic ticket to satisfactory and continuous employment. Education cannot shed its responsibilities to the student (and to society in the student's behalf) just because the student has chosen to reject the system or because it has handed him/her a diploma. In a world where the distance between the experiences of childhood, adolescence, and adulthood and between school and work continually widen, the school must attempt to assist the student across the gaps just as other employment and training institutions must attempt to assist in the transition. It is not enough to dump the school leaver into a labor market pool. The school along with the rest of society must help provide a ladder, and perhaps help the person to climb it.

4. Some type of formal occupational preparation should be a part of every educational experience. Although it may be well to delay final occupational choice until a good many alternatives are known, no one ought to leave the educational system without a salable skill, unless it is done by choice. In addition, given the rapidity of change and the competition associated with generally rising educational attainment, upgrading and remedial education opportunities are a continual necessity. Those who need occupational preparation most, both preventive and remedial, will be those least prepared to take advantage of it and most difficult to educate and train.

5. The objective of vocational education should be the development of the individual first, then meeting the needs of the labor market second. One

> of the functions of an economic system is to structure incentives in such a way that individuals will freely choose to accomplish the tasks which need to be done. Preparation for employment should be flexible and have the capability of adapting to the individual's need rather than the reverse.[1]

IV. Vocational Rehabilitation

Vocational Rehabilitation programs, unlike any other form of employment and training assistance, have in a single program authority to fund, within the limits of budget, nearly any activity related to employment, for any eligible client. Most other manpower programs tend to suffer from unclear objectives, somewhat cumbersome administration practices, divided authority, and varying funding sources. This program seems much more focused; therefore, its potential for success seems unparalleled.

The key element of the program is a personal relationship between a handicapped client and a trained counselor equipped, within limits, to purchase whatever medical, educational, or other services might be necessary to successfully place the client in satisfactory employment. This broad grant of authority has generated one of the persistent quandaries of the program. Considerable ambivalence exists in vocational rehabilitation circles concerning the relative emphasis that should be given medical restoration to remove physical and mental obstacles to employment as contrasted to other services that may make the disabled employable despite their handicaps. National guidelines have tended to emphasize medical restoration and stress the need for expanding services to such severely disabled persons as quadriplegics, the deaf-blind, and multi-disabled. The state attitude, generally speaking, is mixed.

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[1] "Vocational Education: The Bridge Between Man and His Work, Highlights and Recommendations from the General Report of the Advisory Council on Vocational Education," In Notes and Working Papers Concerning the Administration of Programs Authorized Under the Vocational Education Act of 1963, Public Law 88-210, as Amended, Prepared for U.S. Senate, Committee of Labor and Public Welfare, Subcommittee on Education, 90th Cong., 2nd Sess., March 1967.

Again, while other manpower programs have found it difficult to isolate what happened as a result of program services from what would have happened in their absence, vocational rehabilitation has not. Vocational rehabilitation demonstrates that many with serious physical and mental handicaps can be made economically self-supporting by intensive services which in turn have created a favorable public and employer reaction. There is good evidence that the rehabilitation effort pays in both economic and humanitarian terms.

In order to make Vocational Rehabilitation as effective as possible, it is suggested that national Employment and Training policy:

1. Continue to support the vocational rehabilitation philosophy.
2. Assure that at the state level programs are aggressive and imaginative.
3. Provide incentives to continue the effort being made to overcome the reluctance of some state vocational rehabilitation agencies to become involved with other state programs such as Workman's Compensation in providing services to a similar clientele.
4. Encourage new patterns of services. These should include a number of activities to assist state agencies to increase efficiency in handling caseloads.

PIC

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August 3, 1981

Mr. Bob Guttman
Room 4230
Dirksen Senate Office Bldg.
Washington, D.C. 20402

Dear Mr. Guttman:

While I do not particularly wish to testify at the hearings Senator Quayle will be holding, I do think the enclosed report could be of value to that committee.

As a Chamber, we have been active in CETA for a long time. The report deals with our OJT activity for the fiscal years of 77, 78 and 79, and to us indicates what can be done by private sector involvement.

Should you desire the complete report, please let me know and I will send a copy to you. We are also in the process of completing a study on all CETA placements over those three years. An abstract of that report will be sent to you as soon as it is completed.

Sincerely,

David Maysick

David Maysick
Planning Director

DM/sr
Enc.

EXECUTIVE SUMMARY OF THE
REPORT ON THE BERRIEN COUNTY
ON-THE-JOB TRAINING (OJT) PROGRAM

June, 1981

Private Industry Council
Berrien County CETA Program
Benton Harbor, Michigan

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EXECUTIVE SUMMARY

This research report is the first of two which looks at the performance of the Comprehensive Employment and Training Act (CETA) work-related programs from October 1, 1976 through September 30, 1979. The following abstract briefly summarizes the purpose, methods, and results of the study, which focused on the On-the-Job Training (OJT) portion of the Berrien County CETA Program.

Background:

The Berrien County On-the-Job Training (OJT) Program is a training program operating under Title IIB of the CETA Regulations and run out of the Twin Cities Area Chamber of Commerce. Its administrators, like so many others in training and education areas, must coninually evaluate their program to determine its effectiveness in teaching and preparing participants for work in unsubsidized employment.

The Berrien County Private Industry Council (PIC), also partially run out of the Twin Cities Area Chamber of Commerce, is mandated by the Federal Regulations governing CETA activities, to conduct such evaluative studies as a part of its function as liaison between private industry and public education.

With this continual on-going need for follow-up research on the one hand and the newly-created evaluative body of the PIC on the other, it was soon decided that a thorough research study analyzing the OJT Program in its entirety was in order.

Purpose of the Study:

The purpose of the research study was to assess the employment careers of 316 participants who were placed in OJT jobs during the three years studied, thereby documenting the progress and problems encountered by the OJT Program and identifying any areas which might possibly be changed or modified. Specifically, researchers attempted to first "describe" the program in its entirety -- for example, What kind of people were participants? What kind of firms were employers? and What kind of OJT contracts were being written?

Secondly, researchers sought to analyze the program in terms of its success/nonsuccess in three distinct areas: (1) in training participants in specific unsubsidized skills; (2) in providing participants with places to work, i.e. finding them jobs; and (3) in improving participants' earning power and thus raising their income levels. By viewing these three criteria for success/nonsuccess, researchers were able to draw some conclusions as to whether or not the OJT Program has been effective in meeting these desired goals.

In addition, this research study sought to determine if there were any correlations between those OJT contracts which end in "success" and those exhibiting any one particular feature (or group of features), such as those dealing with young people, with racial minorities, with certain industries, and so on. At the same time, while determining if such correlations do exist, researchers attempted to ascertain if there is any way of perhaps predicting a contract's probable success, given the certain set of circumstances regarding that contract's enactment (for example, the person's age, sex, financial situation and attitudes; the contracted firm's industrial classification, pay scale, and work attitudes; and so on).

Thus, researchers attempted to look at the OJT Program from three different perspectives -- What is it? Is it working? and If it's working/not working, why/why not?

Criteria for Assessing the OJT Program:

It was decided that one of the best ways of evaluating the OJT Program would be to look at the 316 OJT participants and their current work situations--comparing where they are now with where they might be without the OJT experience. Therefore the study was designed in such a way as to use follow-up questionnaires (sent to both participants and employers); on-site visitations with employers; and the original participant applications (the latter being the source of the participants' demographic characteristics and economic situations). The information was then tabulated and entered into a computer for processing in a collective manner.

As noted earlier, there was an attempt to achieve three specific goals in this study -- to first describe the program; to then analyze it with regard to its success/nonsuccess; and lastly, to see if one might be able to predict the success/ nonsuccess of the program, given a certain set of circumstances. In terms of the first objective -- that of description -- the computer was used to produce averages and totals of each particular contract "feature" or "variable", so that readers might get a clear understanding of who and what make up the OJT world.

With regard to the evaluative aspect of the study, five specific criteria, or "measures of success", were chosen for digesting the information -- both in describing and in evaluating. These "measures of success" are as follows: (1) the contracts' original termination ratings -- i.e. satisfactory or non-satisfactory -- as designated by CETA, to gage the contracts' immediate success; (2) the total length of time participants stayed with their original employers, irregardless of the termination of their contracts -- to measure their initial job longevities; (3) the participants' current employment status, in order to discover if the program has impacted the participants' present work situations; (4) the participants' current work status with their original firms -- to see if they have continued to be employed with their original contracted employers; and lastly, (5) the current salaries of the OJT participants, to discover if they are making more/less than they would have been without the program.

The above five criteria were used not only in the descriptive and evaluative sections of the report, but in the statistical sections as well. Using these five measures, or "dependent variables" (as they are dependent on other features of an OJT contract), three different types of statistical tests were run:

(1) Zero-order correlation studies, indicating which variables are highly correlated with each measure of success and which are not,
(2) Group correlation studies, indicating which combinations of variables are correlated with a combination of success measures, and
(3) Multiple regression studies, which show how much, if any, the success of a contract may be predicted by the independent variables (or factors influencing a contract) after the relationship of these variables with each other is taken into account).

Findings:

In terms of what this research project produced in the way of findings, again, three separate areas surfaced. With regard to a description of who is involved in the program or what it is all about, it was seen that most OJT participants may be described in the following manner: in their mid-20's; more likely to be White than non-White (about 2 to 1); more likely to be male than female (again, almost 2 to 1); single; having no dependents other than themselves; and likely to have a high school diploma (although a fairly high percentage -- 29% -- are high school dropouts). Very few of the OJT participants were veterans, ex-offenders, or migrant and seasonal farm workers.

Looking at the employers, it was seen that, while the occupations are diverse and fairly widespread with regard to types and sizes, most participants were placed with metal or automobile manufacturers, retail trade, and service organizations. The highest salaries and initial job security seem to be provided by the manufacturing industries and larger companies, but most persons were placed in companies with fewer employees. In terms of long-term success, persons placed with more stable companies -- those who can last through local economic downturns -- fared much better than those working for firms highly reliant on a good economy.

Very little was seen in terms of the OJT contracts themselves, except that there appears to be more activity during the summer months -- both the start of contracts and their terminations. OJT participants leaving their jobs seemed to follow the general tendency of workers to leave their employers in large numbers during the mid-winter and mid-summer months. Most contracts (55%) ran at least as long as originally proposed. The fiscal year in which an OJT contract was written did not appear to make much difference in terms of that contract's ultimate outcome, except in terms of the general economy.

With regard to the success of the OJT program in general, it was seen that the program was indeed successful in terms of the three areas studied:

Training: The majority of the persons participating in the program successfully terminated their contracts, hence completing their prescribed training periods. Differences in salary and length of placement between the individuals who completed such training and those who did not are quite evident -- strongly supporting the idea that finishing one's training does indeed help in terms of one's pay and employability skills. In addition, it was discovered that OJT participants on the whole averaged higher DOT (Dictionary of Occupational Titles) code skill levels after participating in the program than before. Thirdly, MESC information supports the contention that merely having had a "first job" to cite on a job application is a tool for participants to use in further employment, much as is 'training' itself.

Employment: The OJT Program was also successful in assisting people in finding and keeping jobs. Aside from the fact that all 316 participants were originally given jobs within the OJT structure, well over half of these people actually terminated their contracts into private-for-profit unsubsidized employment. And, although the response rate was quite low with regard to the questionnaires that were used to gather recent employment data, well over a third of the original OJT participants have worked 90% of their time or more since completing their contracts, with a full 10% indeed still working at their original contracted employers.

It was also seen that OJT placements have been contracted with most occupational groups and businesses (i.e. retail trade; manufacturing; services; etc.) in similar proportions as those suggested by state and local labor market statistics. This means that OJT administrators have been quite thorough in sending their participants to the various types of industries available. While this is admirable with regard to across-the-board business representation, it is a little less desirable in terms of the general economy. Because the Benton Harbor labor market area is so very susceptible to economic fluctuations and recessionary periods, both it and the OJT participants are thus extremely vulnerable to hard economic times. Indeed, many of the participants have been victims of recent labor disputes and economic lay-offs, thus raising the total number of persons unemployed as well as the percentage of individuals dissatisfied with the program and their overall CETA involvement.

Salaries: With regard to salary and pay increases, persons who participated in the OJT program have also done fairly well, especially those remaining with their original employers. The average current pay for those persons still working for the OJT firms was $5.13/hour (as opposed to an average of $4.33/hour for those not still working with their original employer). This hourly rate is approximately 65 % more than the minimum wage of $3.10/hour which was in effect at the time the information was gathered. Even if participants did not remain with their employers, the average increase in their salaries from the start of their contracts to the time of their leaving (an average time period of 9.32 months) was 6%.

When the information regarding OJT salaries was compared -- both at the beginning of their contracts and now -- with state and local pay scales, it was found that the average starting salary of OJT participants ($ 3.99/hour) was more than both the State's ($3.88/hour) and the local area's ($ 3.82/hour) and that the current average salary earned by the former participants was equally as respectable at $4.41/hour.

Lastly, in terms of the statistical findings, it was seen that very little may be said with regard to why (or why not) an OJT contract ultimately ends up as a success/nonsuccess. While a contract's outcome is very strongly correlated to many factors -- original pay; the size of the contracted firm; the participant's maturity and financial burdens; and so on, no clear cut statements in the way of prediction are apparent. However, two things were clear -- first, that OJT contracts appear strongly correlated to the attitude of the participant. If the participant is a hard worker, dependable, and wants the program to work for him/her -- it will. Indeed, when asked to evaluate the program, employers tend to equate it with the individual hired (i.e. a poor employee reflects poorly on the entire program, while a fine worker tends to give the program a very good name). Very little was seen to indicate that age, sex, or race had anything to do with a person's success in this program, either in his length on the job, his pay, or the employer's attitudes regarding his work.

The second point gleaned from the statistical analysis portion of the study has to do with the economic stability of the firms involved. Unfortunately, much of the success of the program seems to have rested on the shoulders of the local economy. In periods of growth (the earlier years were periods of economic growth, the last year a period of economic recession), OJT participants do much better with their job security/longevity and pay. Companies which are struggling to make it and which need the OJT program as a means of cutting their labor costs, seem to have little to offer their employees in the long run.

Recommendations:

The Berrien County OJT Program appears to be on the right track in terms of the employers and participants with whom it works. This is borne out by the facts seen in the previous section regarding the Program's success. The only areas in which change or modification might be suggested involve the two factors upon which most of the success of the Program rests: participant attitudes and employer-stability.

While it is extremely difficult to modify a person's attitudes and/or behavior, analysis of the OJT Program suggests that some form of attitude "pre-testing" prior to entry into the program may be in order. As a consequence of such pre-testing, some applicants may be screened into attitude-training classes or some such instruction before being allowed into the program. Although the initial costs of such a procedure may be high, the savings in OJT reimbursement and community perceptions of the program suggest it may be worthwhile in the long run.

The second area in which modifications might be suggested is more difficult -- that of employer stability. Very little can be done to insure a stable economic setting in which OJT employers may conduct business. Indeed, one of the selling points about the program is that fiscal reimbursement to the employer for a person's training makes it desirable for a company to hire a particular individual over another, thus aiding it in "making it" in a slow economy and so on. Even the large firms, which offer high wages and job security governed by strong union rules, are susceptible to a depressed economy. Unfortunately, it appears that recently trained OJT hirees are the first victims of an economic-layoff. Perhaps a more concerted effort to place people in areas not as dependent on the economy -- such as finance and services rather than manufacturing -- might be suggested. It is realized, however, that such efforts are greatly affected by what is available in a given local economy. OJT participants can not be placed into employment areas which do not exist.

August
6
1981

Mr. Bob Guttman
Employment & Productivity
Subcommittee
4230 Dirksen Senate Office Bldg.
Washington, D.C. 20510

RE: Senate Hearings on Employment
& Training Policy
Indianapolis, IN

Dear Mr. Guttman:

As Chairman of the Madison County, Indiana Private Industry Council, I would like to have presented my thoughts and concerns in person at the subcommittee hearings in Indianapolis. Since it is not possible to schedule me in person, I would appreciate having my testimony included in the record and presented to the subcommittee for their consideration.

Sincerely,

William H. Ray
Executive Vice President

WHR:rjp

cc: Madeleine B. Hemmings
William H. Kolberg
R. Douglas Marsh

ANDERSON AREA CHAMBER OF COMMERCE
207 AMERICAN FEDERAL SAVINGS & LOAN BLDG. P.O. BOX 469 ANDERSON, INDIANA 46015 317-642-0264

CETA Reauthorization Hearings

Senate Subcommittee on Employment and Productivity of the Labor and
Human Resources Committee

August 25 - 26, 1981
Indianapolis, IN

I am William H. Ray. For the past 3 years I have been the Executive Vice President of the Anderson, Indiana Chamber of Commerce. Prior to coming to Anderson, Indiana I was Executive Vice President of the Springfield, Ohio Chamber of Commerce from September 1971 until August of 1978. I have been deeply involved with the CETA program since 1973. I served as Chairman of the Clark County, Ohio CETA Advisory Council. In Madison County I have served as Chairman of the Private Industry Council since its inception in 1979 and ex-officio member of CETA Advisory Council.

The perceived original intent of CETA was positive - to train economically disadvantaged people for existing or potential jobs, then to help them become employed. Economic rationale: to mainstream the hardcore unemployed back to being taxpayers instead of "Tax Takers", and for them to be earning private sector dollars to, in turn, spend in the private sector. This is the pay off from the investment in people. This intent was greatly altered by PSE. With the advent of Title VI the emphasis has been an expansive public sector employment (welfare) effort. Primacy was placed on putting CETA eligibles on public payrolls. Training and transition were grossly neglected.

One must consider that a large number of CETA participants have never worked or experienced a regular, consistant work schedule. For this reason, all programs should include job preparation and work ethic training. Included in this should be information on the basics of a business such as the functions of profits, productivity, the costs of waste and poor work habits. This is the root of most of the problems that we have with the hardcore unemployed. Many have little sense of responsibility to the employer - even to such basics as being on time, not being absent without cause or not abusing breaks. It is extremely presumptuous of anyone or any agency to think that we can actually change the attitudes and habits of many of this group without work experience training.

Employment and training-related communication between the public and private sectors needs to be improved in quantity and quality. Both sectors are guilty of communications neglect to a certain extent. Business is "tight lipped" with statistical information and normally is not willing to share information with public agencies. The public sector staff normally can't communicate with business because they speak a different language. They are "CETA-participant-oriented" with little or no understanding of the business perspective. CETA should modify its attitude from one of social work to one of job development. If CETA, as it is now organized, is to be retained, my recommendation is to have CETA and PIC always be separate organizations. Duplication of responsibility and effort must be eliminated. Duplication is costly, wasteful, confusing and counterproductive. CETA could handle all of the client side of the business such as intake, assessment, government reporting, etc. PIC would handle all employer related training and employment activities - OJT, TJTC, other tax credits, employer based training programs and those that relate to the employer side of the programs.

Organizationally PIC and CETA would be equal with the respective directors equally answering to the prime sponsor. The PIC members would continue to expand their involvement in the program and take an active part in business recruitment and negotiation.

DOL regulations need to become more flexible and move away from the social work attitude. For instance, regulations say that OJT should only be used for participants who lack related education, training, or work experience for the offered job; however, when an employer requests participants to interview, he wants to see the best we've got - those who have some work experience and training. This practice is referred to as "creaming" in CETA jargon. This is conflicting. These types of conflicts need to be worked through to arrive at a more workable medium. As it is, the regulations seek to serve the agency and the enrolled participant without an adequate recognition of the employers' needs. DOL needs to become as much a help to us in the local areas as they are monitors. So much of the federal representative's time is occupied with monitoring and assessment that they have no time to respond to urgent creative program questions and problems. It might be different if one felt confident that the assessments that they are always doing were productive, but they just seem like gyrations to PIC, private sector people. For instance, the assessment is not interested in what the program is actually doing, but what is written in the plan. Planning is viewed as an end unto itself rather than an integral part of the management process. Planning and assessment must be better understood by the monitors as being just two of the components of the management process. The constant elements of evaluation and adjustment in the management process must be fully utilized. Under the current arrangements these elements are shortcircuited. There is no or very little ability to make needed changes or amendments to the plan other than on an annual basis.

In closing, PIC's with private sector commitment and involvement, will gain support and will be productive if we are permitted to be a "business advocate" in the process of managing training and employment programs for CETA eligibles at the local level. If on the other hand little or no attention is given to basic business requirements and needs and we continue to be regulated into impotence, it will not work in the private sector.

11th DISTRICT

AMERICAN LEGION

P. O. Box 1872
Indianapolis, Indiana 46206

August 15, 1981

To the members of the Employment and Training Issues Hearing:

Thank you for the opportunity to present my testimony and concern in written form. I am unable to be present at this time.

For the past twelve years I have been the Employment Chairman for both the Indiana Department of the American Legion and the Indiana Department of the Disabled American Veterans.

I want to express both my personal concern for veterans unemployment and employment and training needs and also the attitudes of the veteran groups toward current programs and what are perceived as most urgent needs.

Personally I have found response to veterans employment needs in CETA to vary from CETA area to area in Indiana. Much was dependent on CETA directors and personnel attitudes toward veterans as a target group. There seemed to be no consistent concern for all original 15 and now 14 areas nor was there a clearcut direction from administration in Indiana and at the regional DOL levels. The only exception to this occurred with the Veterans Employment Service (I was the state director in Indiana for 10½ years) at the Indiana, Regional, and National levels.

I believe veterans must continue as a , the first, priority group for ETA services. Other special interest groups have tended to weaken the traditional, congressional, legislative priority that has been assigned to veterans. One of the arguments that has been advanced is that veterans can be served since they are a part of all target groups, youth, older, heads of households, disabled, offenders, etc. This is in the language of today, in my opinion, a "cop-out".

11th DISTRICT

AMERICAN LEGION

P. O. Box 1872
Indianapolis, Indiana 46206

Let me list what I believe are the salient reasons veterans should be identified as the National, State, and Area Target Group:

1. Veterans are the only group which has lost employment opportunities others enjoyed while veterans were answering the call to our country's military needs.

2. The loss to young veterans of an assurance of employment and/or training after military service would decrease interest in sacrificing to undertake service.

3. The argument referred to previously of veterans being a part of all target groups is weak. Why not reverse the argument that all other target groups might very well be a part of veterans!

Unemployment continues to plague special groups among veterans, the young Vietnam veteran who in a declining economy is the "last in, first-out", of those employed not only in the private but also in the public sector, minority, disabled, older veterans displaced because of a declining economy or technological change.

In conclusion, let me suggest there has to be a clear-cut, incisive, national policy statement from administration and the DOL as to who in truth and in all good conscience deserve what should not be a loosely bandied word, "priority".

I believe veterans deserve, must be accorded, that service.

Thank You,
Keith W. Collins
3105 N. Lawndale Ave.
Indianapolis, Ind. 46224

THE AMERICAN LEGION
DEPARTMENT OF UTAH
B 27 STATE CAPITOL
SALT LAKE CITY, UTAH 84114
TELEPHONE 533-4510

August 17, 1981

Senator Dan Quayle, Chairman
Subcommittee on Employment and Productivity
Labor and Human Resources Committee
Room 4230 Senate Office Building
Washington, D.C. 20301

Dear Senator Quayle:

We feel a touch of disappointment that the hearing scheduled for Salt Lake City on August 12th and 13th had to be cancelled.

We, therefore, submit the following statement as the views of the American Legion in Utah concerning Employment and Training issues.

1. Veterans as a priority group for ETA Services

We are concerned that national policy of priority for veterans remain an intrensic facet of the evolving public employment and training system.

Since the inception of governmental services in this country, veterans have been a top priority group for services. However, legislation passed in recent years due to the increased growth of special interest groups and accessibility to both the Congress and ETA bureaucracy has resulted in great pressures upon the Job Service and the CETA delivery systems to deliver high priority to a multitude of target groups. Lacking sufficient resources to assist all such client groups at levels high enough to satisfy all critics the ETA establishment has become factionalized, with one result being the undermining of the traditional support of the policy of priority for veterans.

There has been much discussion about replacing CETA with a decentralized block grant approach to allow for local determination of needs and greater local control of program design and implementation. Regardless of whether block grants are authorized or something similar to CETA is reauthorized, it is clear that the resultant system (including the State Job Service agencies) will be funded at a relatively reduced level. It is not clear that the traditional policy of priority for veterans will be upheld under the projected senario.

2. Targeting versus absolute priorities

A closely related issue to the first, involves the different policies applicable to the Job Service and the CETA prime sponsor system.

While it is ETA policy that linkages be developed between the two in order to provide Comprehensive Employment and Training services, effective linkages have been difficult to establish due to the different policies intrensic to Job Service and CETA planning processes. Job Service is bound by policy to give priority services to veterans. CETA prime sponsors are bound by policy to target program resources to groups deemed most in need based upon local demographic data. In order to truly carry out the overall policy, i.e. the delivery of Comprehensive services, Job Service agency local offices and/or CETA prime sponsors must deviate from the policies regarding priority of service. The lesson to be learned from that situation is that it is inefficient and ineffective to maintain two major delivery systems with conflicting policies concerning target groups to be accorded priority of services.

3. Priority among affirmative action target groups

ETA is supposed to play a major role in seeing that target group veterans benefit from affirmative action policy set for them. Under what is known as the Federal Contractor Job Listing (FCJL) program, Vietnam-era veterans and special disabled veterans are to benefit from affirmative action efforts by employers which are Federal Contractors and sub-contractors. However, these same employers are required to take affirmative action for women, for minorities and for the handicapped.

This plethora of priority groups has resulted in Federal agency power struggles to see which advocacy group can exert the greatest pressure on the subject employers, with the result that "affirmative action" as a concept is at best a bad joke within the private sector.

As we see it, ETA's private sector initiatives in general, are destined for only limited success as long as the bulk of major market employers are confronted by conflicting affirmative action responsibilities. A major issue for ETA is to somehow obtain a clear policy of which affirmative action target group(s) have top priority. We, of course, believe the veteran groups should be the top priority groups.

4. Reasons why veterans should be identified as the only national target group

A. Of all of the targeted groups that have been designated to receive special priority for services, veterans are the only group whose employment problems are resulted from devoting years of service to this country while they were in the military service protecting our national security, their non-veteran peers were given advantages in the Civilian Job Market which can never be overcome.

B. The policy of a strong national defense cannot be divorced from a policy of special employment and training program for veterans. Unless young citizens have some assurance that the federal government will assist them in pursuing their personal vocational interests after their military service is ended, fewer and fewer of them will be inclined to sacrifice their personal interests and opportunities by joining the military.

C. Reduction of the nationally designated target group from the current multitude to only one, i.e. veterans would give far greater flexibility to the public employment services not only to veterans, but also to other target groups identified at the local level. Whereas, there is no doubt whether or not the general public supports the governments policy of priority for veterans, there is no such consensus in many locales for various other target groups identified at the national level. If people expected a greater commitment on their part and better results that theory applies to employers as well as Employment and Training service deliverers.

We, of the American Legion, thank you and the members of your committee for the opportunity to present our views and for your concern for those who have served.

Sincerely,

J. Dale Madsen, Chairman
Economic Committee
Department of Utah

Carl R. Berg, Commander
Department of Utah

Las Vegas Clark County Consortium

DEPARTMENT OF HUMAN RESOURCES

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August 27, 1981

The Honorable Dan Quayle
Subcommittee on Employment
and Productivity
United States Senate
Senate Office Building
Washington, D.C. 20510

Dear Senator Quayle:

Enclosed please find our responses to the eight questions that you posed concerning employment and training issues and the reauthorization of the Comprehensive Employment and Training Act. This request appeared in the May, 1981, Congressional Record.

Much time and thought have gone into these responses, and they are wholeheartedly endorsed by our locally elected officials in Clark County, Nevada.

Our locally elected officials would appreciate an opportunity to testify before the U. S. Senate on these matters. Any assistance that you might provide would be greatly appreciated.

Respectfully yours,

Fred P. Ramirez

Fred P. Ramirez
Executive Director

FPR:dab
Enclosure
cc: The Honorable Howard Cannon, United States Senator
The Honorable Paul Laxalt, United States Senator
The Honorable Ron Lurie, Mayor Pro-Tem, City of Las Vegas
The Honorable Woodrow Wilson, Commissioner, Clark County Board of County Commissioners
The Honorable Kent Anderson, Mayor Pro-Tem, City of Henderson
The Honorable Dale J. Huntsman, Councilman, City of North Las Vegas
The Honorable Tim R. Tilman, Councilman, City of Boulder City

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POSITION PAPER

EMPLOYMENT AND TRAINING POLICY FOR THE LAS VEGAS/CLARK COUNTY CONSORTIUM

The following is a response to a request by Senator Dan Quayle about the future direction of the Comprehensive Employment and Training Act and what the employment and training policy of the United States should be. Senator Quayle has asked that locally elected officials throughout the country provide to the Senate their viewpoint on an Employment and Training Policy for the nation. A series of eight questions have been asked by Senator Quayle concerning that employment and training policy. The following responses are the result of many years experience in the employment and training field and reflect the viewpoint of locally elected officials in Clark County, Nevada.

1. WHAT ARE THE APPROPRIATE OBJECTIVES OF EMPLOYMENT AND TRAINING POLICY?

Quite simply stated, the employment and training policy for the United State of America, as well as Clark County, Nevada, should be simple; that is, provide skill training and appropriate work experience in demand occupations to those persons who are unskilled, semi-skilled and economically disadvantaged.

The result of this objective would be to bring unskilled persons into the labor force as productive individuals that will make a substantive contribution to the economy of both the country and the local area in which that person is employed.

There are some objectives that an employment and training policy should not meet. That is, training is not a panacea for all social ills. The vehicle to be used for implementing the objectives of an employment and training policy cannot cure all the problems in a community. The objectives should not be targeted to any one group or any one geographical area. They should have as their primary beneficiaries the unskilled and semi-skilled persons who are in need of moving from unemployment to employment primarily in the private sector.

2. WHAT ARE THE BEST METHODS FOR CARRYING OUT THE OBJECTIVES OF EMPLOYMENT AND TRAINING POLICY?

By far the best method for carrying out the objective mentioned in one (1) above is to develop a plan for each individual based on the needs of that individual and the local labor market area. Training should be developed based on those needs and not on the needs of government, educational or vocational institutions or any one of the other myriad forces that are at work in many communities. If an effective objective is to be successfuly implemented then all resources must be targeted on meeting the needs of both the individual and the labor market. If any other needs are targeted, then the employment and training policy easily slips into becoming, again, a panacea for other social ills. Even though they may be related to employment and training needs, they cannot be cured simply by being all things to all persons.

Therefore, since our proposed ultimate aim is then to also provide employment in the private sector, incentives must be developed for the private sector in order to provide jobs to the untried and the unexperienced. Tax credits, but those that are targeted solely to that unskilled or semi-skilled person who has received training, should be continued. Appropriate methods to encourage the private sector to test the untested could be, as an example, subsidized work experience whereby a Prime Sponsor or other purveyor of training would employ the person and place him in the private sector job for a short period of time, upon completion of which the private sector would absorb that individual. Therefore, the private sector employer is not losing money, yet, at the same time it is developing a resource that can add to its profit. Another method could be a 100% on-the-job training approach in which the private employer is reimbursed for 100% of the cost of a particular individual while that individual is in training. Upon completion there would be an unsubsidized position for that person.

There must be incentive for employers, not only those mentioned in the paragraph above, but incentives so as to decrease federal or local intervention into that employer's activities -- a minimum of red tape and regulations accompanied by a commitment by that private sector employer to indeed hire a proven individual after the program is ended. An example of the unnecessary regulatory burdens is the complaint procedure in which numerous very costly hearings are held, primarily as the result of Department of Labor orders. Under such circumstances, the Department of Labor should hear and adjudicate the complaints that they have generated.

This approach, it would appear, could not meet some overall national economic policy, but in dealing with each individual in the system and the private employers that that individual will go to, a greater impact can be made than if an attempt is made to fit individuals into an overall economic picture.

In other words, the results must come from the bottom up based on the needs at that level instead of being dictated from the top down.

3. SHOULD PARTICULAR GROUPS IN THE LABOR FORCE BE THE CONCERN OF EMPLOYMENT POLICY?

Each implementer of the objectives of a national and/or local employment and training policy should determine who receives those services with only one constraint, and that is, the unskilled, semi-skilled and economically disadvantaged persons be the only ones that are serviced. It then should be left to each individual area to determine where the need is the most and then direct the resources toward meeting that need. It is impossible for a local area to meet what is defined in Washington such as the needs of target groups that may not even exist in a local area. If an employment and training policy is narrowed to training the unskilled and semi-skilled, then the targeting itself is taken care of. Again, an unemployment and training program is not the panacea for all social ills.

However, the way the local implementer decides to target his activities must be developed with the input of the local citizenry through Advisory Councils, community hearings, comments of potential recipients and most certainly by local elected officials. Once the targeting is established for a local area, then the Federal Government should hold that local implementer to its plan. That would become one of the measurements in the successful implementation of the objectives of the employment and training policy.

4. WHAT SHOULD BE THE RELATIONSHIP OF EMPLOYMENT AND TRAINING POLICIES TO INCOME MAINTENANCE POLICIES?

Historically, it has been suggested that employment and training policies should be used to reduce the cost of various income transfer programs, ranging from welfare to trade-readjustment assistance. What is often lacking in such historical perspectives, however, is how this can best be accomplished. The more traditional view would hold that it can best be accomplished through the simple process of income transfer payments; i.e., by enrolling individuals in CETA rather than welfare. Conceptually, this might appear to be a preventive methodology for reducing income transfer programs. Unfortunately, numerous pilot programs have failed to provide us with tangible results that this will occur. At the root of these demonstrated failures is the inability to promote economic independence among income transfer recipients or to raise the occupational skill level of program participants. As a result, individuals are trapped in a vicious cycle of program maintenance which cycles them from CETA to Unemployment Insurance to Welfare and back again.

Therefore, it is incumbent upon CETA legislative bodies to incorporate into any new employment and training policies, the philosophy of establishing national performance goals within a flexible environment. Essentially, this system would allow Prime Sponsors or local implementers to set up individualized systems tailored to their respective areas. They would be allowed to do this with little or no federal intervention. They would, however, be held accountable for meeting firm performance standards and continued funds would be distributed on an incentive/performance basis. This "do it any way you like, but do it" system would reward effective programs and discourage ineffective ones. Simply stated, it would cease to reward mediocrity and failure.

Such a system would also force Prime Sponsors to produce more marketable products. For too many years, CETA has asked private sector employers to hire less than qualified trainees. For the most part, we have appealed to employers' social and civic responsibilities to get our people hired.

Ultimately, CETA needs to upgrade the quality of its training and needs to produce a higher quality of trainee. In doing so, we would cease to ask employers to lower their normal hiring standards and would significantly increase the number of CETA trained persons hired by private sector firms. It would also reduce the number of people mired in the income maintenance merry-go-round.

5. WHAT ARE THE APPROPRIATE RELATIONSHIPS BETWEEN FEDERAL, STATE AND LOCAL GOVERNMENTS IN THE FUNDING, DESIGN, AND ADMINISTRATION OF EMPLOYMENT AND TRAINING PROGRAMS?

Unemployment is both a national and a local problem. It is a national problem because the economies of each of our local areas are impacted by the decisions that are made in Washington. The monetary policy, the fiscal policies of Congress, inflation, the value of a dollar, trade policy, imports and exports, are all controlled by the National Government to some degree or other. Localities have little or minimal effect upon that. It is a local problem because changing conditions in a local area may add to or subtract from the employment level in a local area. Many times the subtraction or the reduction of the employment force is a direct result of national policies. Other times it is because of the changing needs in a community.

However, generally speaking, because of national policies, unemployment becomes a national problem and, therefore, is a problem that is best dealt with in a broad view from the Federal Government. But, in order for the needs of localities to be met and to take into consideration the varying patterns that exist in local communities, the policy and objectives established by Washington need to be implemented on the local level by the arm of government that is the closest to the citizens on the local level and that is local general purpose government - cities and counties, and, in the case of Louisiana, parishes.

It would, therefore, seem appropriate that the Federal Government fund employment and training programs to be implemented on the local level by local general purpose government. There should be minimal rules and regulations. The major rule should be performance. You perform to minimum, acceptable standards or the implementer would not be refunded the subsequent fiscal year. It should be handled on a case by case basis. Each locality is different from each other locality, but whatever performance standard is agreed upon should be met for funding to continue.

The performance standards could be the following:

1. Successful completion rate. Establish a minimum percentage of those who enter the program versus those who successfully complete the program.

2. Placement rate. Again, a percentage of all persons who come into the program must leave it into unsubsidized employment. This would evaluate the effectiveness of the training provided.

3. Retention rate. How many of those persons placed in the private sector retain their jobs after 30, 60, 90, 120, 180, and 360 days after placement? This again would determine the effectiveness of the training as well as the commitment of the employer.

4. Percent of wage increases. How much additional money has the person received after going into a job after training than that person received prior to training, and, finally

5. What is the cost per participant and the cost per placement?

Each local implementer should establish a minimum rate by which it would be measured. The Federal Government would determine whether these rates are reasonable, given the local conditions. If agreement is reached between the Federal and local government then that becomes the measure by which the local government is measured. If it does not meet its own goals, then this would have to be taken into consideration.

6. WHAT IS THE APPROPRIATE ROLE OF THE PRIVATE SECTOR IN THE DESIGN AND IMPLEMENTATION OF EMPLOYMENT AND TRAINING POLICY?

It has long been acknowledged by employment and training professionals that the overwhelming number of available jobs in this country are located in the Private Sector. Therefore, over the years, numerous federal programs have been developed with the private sector in mind. Unfortunately, most of these have not fared too well and, today, we still find ourselves looking for the "right" program or combinations thereof. Analytically, it appears justifiable to state that many of these pilot programs did not work primarily because they failed to take into account the philosophies and practices which motivate the private sector communities of this nation.

For instance, before any private sector employers will commit themselves to working with CETA or any other federal program, one bottom line item must exist. The bottom line item is PROFIT. If there is no profit motive there, it is very likely that the employer will not participate on a meaningful level. Conversely, if CETA can demonstrate that it can increase an employer's profits, can cut down on their training risks, set up effective applicant screening methods, minimize paperwork, offer free counseling to trainees and commit themselves to minimal interference, then it is extremely likely that employers will begin to participate in CETA-related activities at a greater rate.

Understanding what needs to be done and doing it, however, are two different things. In the past, CETA has not been successful in cutting down red tape; nor have employers realized re-enforcing dollar profits from hiring our trainees; neither have our trainees met employers' minimum hiring standards; nor have red tape and interference been held at a reasonable minimum. As a result, employers have not participated in CETA. In recent years, however, several programs have been initiated that have begun to make in-roads in encouraging private sector participation. The first was the now defunct Skill Training Improvement Programs (STIP I and STIP II). The second was Title VII and the accompanying Private Industry Councils (PIC's). The ongoing Title II-B On-the-Job Training (OJT) program must also be included. All of these programs had, or have, as their goal, active participation on the part of the private sector and, for the most part, all of them had as a Prime Sponsor motivator, the awarding of federal dollars directly to private sector employers; i.e., the profit motive.

It should be evident, therefore, that whatever continued national strategy is employed to encourage private sector participation must continue to include as a prime ingredient, the potential for the employer to make a profit or derive some measurable benefit. Thusly, employers should be encouraged through a variety of incentives to participate in the decisions affecting programs geared specifically toward them. This would, of course, include participation on the Private Industry Councils, Advisory Planning Councils, and Youth Councils. In this fashion, they would make decisions and/or recommendations, advising that funds be spent in a manner compatible with their profit motive goals.

On the Federal side, the Regulatory Agency (US DOL) should continue to develop guidelines that will minimize red tape and interference, and mandate that specific percentages of funds be directed to OJT and other private sector oriented programs. Together, these collective policy decisions will go a long way toward convincing the private sector community that CETA does indeed desire to work closely with them to develop effective CETA/private sector programs.

7. CAN THE DIVERSE SETS OF PROGRAMS WHICH CONSTITUTE THE EMPLOYMENT AND TRAINING SYSTEM BE COORDINATED?

As the Senate has requested that those who are interested review the CETA system or the CETA portion of the Employment and Training System, it is imperative that the Congress do the same thing with all the other diverse employment and training programs. Each of the programs and their constituencies need to define their own objectives and the methods by which those objectives will be reached. After that is done, a review of each of the component parts should take place by the myriad agencies involved in the overall employment and training system. At that point, a determination could be made as to what is useful and what is not useful.

Coordination indeed can take place. It is very simple if, in each locality, the various implementers can work out mechanisms divorced from the oftentimes contradictory Federal Rules and Regulations. But, it must be emphasized that until such time as a comprehensive review is made of each program, this will never come to pass.

8. HAVE EMPLOYMENT AND TRAINING PROGRAMS WORKED?

Of course employment and training programs have worked, and, of course, employment and training programs have not worked. Interpreted, this means that during the course of CETA, some excellent programs have been implemented and have resulted in high placement rates for their participants. Depending upon where you live and what programs you look at, these good programs may be the rule, rather than the exception -- a view which is in contracts to the generalized notion of CETA as an ineffective program.

Without a doubt, there has been fraud and abuse within CETA programs, particularly PSE (Public Service Employment). This documented fraud and abuse, however, has been blown out of proportion by the national news media and, as a result, all of CETA has been categorized as corrupt and inefficient. It did not matter that only a very small portion of all CETA programs are "guilty" of fraud and abuse. The "die has been cast" and CETA has been condemned by the public, the press, and the Congress.

Realistically, we all know that "bad news makes news." Therefore, it is only the "bad" stories that make headlines and are exposed to widespread national publicity. All of the countless "good" stories never reach the newspapers or are featured on "60 minutes." The public doesn't know that CETA is operating excellent programs throughout the country. The public never finds out that CETA On-the-Job Training programs have placed thousands of people on good paying jobs in the private sector or that thousands more have been trained in Classroom Training programs and found jobs in industry. Indeed, the public hears that CETA is mismanaged, a "boondoggle," a system rife with fraud and abuse --- that it should be abolished, that it is not worth saving --- this is what the public hears --- and what it believes.

And, the "greatest mistake" is that we didn't tell them the truth. We did not take the initiative and ""sell" our own stories. With our billions of dollars, almost nothing has been set aside to publicize the good we are doing --- to show the public our best side. Former Secretary of Labor, Ray Marshall, once stated that "there are eight million success stories out there only no one knows about them." He spoke the truth, only he, too, did nothing about it --- and the public still doesn't know about those success stories. CETA success stories have never been marketed to the public and, as a result, the public has not bought into CETA. To them it is an inferior product and in business, inferior products don't last long.

Ultimately, perhaps, CETA's greatest challenge in the next decade will be to market itself effectively --- to tell the people of this nation what we are doing that is good, rather than bad --- to demonstrate its effectiveness and to "sell" our product with proven marketing techniques and to allocate to each Prime Sponsor sufficient funds to enable them to also "market" their products at the local level. Without such efforts, it is very unlikely that CETA's image will change dramatically from its present negative view.

The time is right for this change to occur. We will soon be rid of those PSE programs which caused the majority of our problems and were the breeding ground for fraud and abuse. We are now entering a new era where CETA will be doing what it should have been doing all along --- training people for jobs. This is what CETA can do best --- to take unskilled people and make them employable through training and services. Hopefully, this is what we will continue to do and what we will begin to market to the public. Now is the time to make a positive commitment to unskilled and semiskilled persons with programs that can work. CETA has proven its ability to train and place. With some changes, CETA can do even better in the future.

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY
EDMUND G. BROWN JR., Governor

EMPLOYMENT DEVELOPMENT DEPARTMENT (916) 445-9212
800 Capitol Mall, Sacramento, CA 95814

September 17, 1981

REFER TO:
32:SG:jb

Mr. Bob Outtman
Subcommittee on Employment and Productivity
Senate Labor and Human Resources Committee
4230 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Outtman:

Attached are five copies of written testimony prepared for the August 25-26, 1981, hearing of the Subcommittee on Employment and Productivity on the employment and training system in the United States. This testimony addresses the broad policy issues within which specific CETA reauthorization legislation will be developed during the next year from my perspective as administrator of the California State Employment Security Agency. I would appreciate your inserting this testimony into the printed record of the hearing.

Thank you.

Sincerely,

Douglas X Patiño
DOUGLAS X. PATINO
Director

Attachments

TESTIMONY

OF

DOUGLAS X. PATINO

DIRECTOR

EMPLOYMENT DEVELOPMENT DEPARTMENT

STATE OF CALIFORNIA

FOR THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

OF THE

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

INDIANAPOLIS, INDIANA

AUGUST 25-26, 1981

I am Douglas Patino, Director of the California Employment Development Department (EDD). Thank you for the opportunity to provide you with this written testimony.

My testimony is given from my perspective as administrator of the California State Employment Security Agency, as well as of the California Balance-of-State CETA program and the California CETA Governor's Grant program. My overall responsibilities include the State Employment Service (ES), the Work Incentive Program (WIN), the Unemployment Insurance (UI) Program, and the statewide labor market information (LMI) system. In addition, I administer the Employment Preparation Program (EPP), the California Worksite Education and Training Act (CWETA), and the Lockyer Youth Program, three innovative programs within California, which I will discuss later regarding proposed amendments to employment and training legislation.

Under CETA, my Department acts as the State prime sponsor with responsibility for CETA programs in 27 of California's 58 counties. EDD's Governor's Grant responsibilities include: the six percent vocational education program; the four percent discretionary grant program; the one percent coordination and linkage program; federal and state youth programs; and the planning and coordination functions mandated through the State CETA Council.

At the outset, I wish to express my Department's support for a fully integrated employment and training system, which provides an effective delivery of services to employers and job seekers alike. Such a system would involve CETA, the Job Service, WIN, and Vocational Education, in cooperative and complementary roles.

Such cooperation is crucial to cutting program costs and eliminating duplication of services.

The logical starting point in discussing employment and training services is with CETA. We believe that CETA's overall record has been very good. In California, CETA transitioned more than 80,000 persons into permanent jobs or advanced training during the past fiscal year. Additionally, CETA provided training and work experience for thousands of youngsters in our state last year, enabling most of them to return to school and continue their education. We consider this a good record. Nevertheless, we also believe that CETA and other employment and training legislation can and should be improved to increase the ability of the nation's major employment and training systems to serve the needs of both job seekers and employers, while giving the public a higher return on the tax dollars invested in these programs.

Therefore, I wish to urge the reauthorization of CETA and to propose the inclusion of five major elements within the CETA statute and relevant areas of related legislation. These elements will help ensure the proper interaction between CETA and other employment and training legislation in providing services to job seekers and employers. These elements include:

1. Improved integration of the employment and training delivery system;
2. Coordination with economic development efforts;
3. Increased partnership with the private sector;
4. Greater flexibility in CETA eligibility requirements; and
5. Improved work and training programs for youth.

My remaining remarks elaborate on each of these elements in turn, recognizing that they are interrelated with respect to achieving an improved employment and training delivery system. As I discuss each element, I will state my Department's legislative recommendations for its incorporation into the delivery system.

I. Improved Integration of the Employment and Training Delivery System

California recognizes that an integrated employment and training delivery system is essential in providing the necessary services to job seekers and employers in the most efficient and cost effective manner possible. An integrated system would make optimal use of scarce resources by drawing on the specialized capabilities of various service providers to form a nonduplicative delivery structure capable of addressing clients' needs efficiently and comprehensively. Developing such an integrated system which reacts effectively to the labor market is a priority for the 1980s.

I would like to offer the following recommendations regarding the reauthorization of CETA and relevant areas of other legislation in support of an integrated system:

- Legislation should assign principal authority for employment and training programs to the Governor of each state for administration, in conjunction with such entities as are prescribed in State law.

Labor market areas are rarely confined to or consistent with the jurisdictional boundaries of cities or counties. For example, large metropolitan areas such as Los Angeles, California, are made up of several substantial jurisdictional areas with overlapping labor market areas. Although CETA prime sponsors can earn substantial bonuses by forming consortia, few consortia have been formed in California and even fewer have survived. Statewide administration of employment and training programs would facilitate cooperation among jurisdictions within labor market areas.

- Legislation should require all employment and training service providers to participate in a local planning process which appropriately addresses the community's employment and training needs. In California, the Job Service has facilitated this type of comprehensive local planning by requiring Job Service field office managers to coordinate their program delivery systems with those of CETA, the Job Service, WIN, Vocational Education, and related programs and providers. The result has been increased effectiveness in service delivery at the local level. Statutory mandate for such local planning is necessary, however, to effect true comprehensive planning. For example, current law requires CETA prime sponsors to coordinate with Vocational Education but Vocational Education programs are not required to coordinate with CETA prime sponsors. Similarly, the Governor's Grant Office is required to coordinate CETA service delivery, but CETA prime sponsors are not required to cooperate in this process. A requirement for full participation by all service providers in coordinating service delivery is essential.

- Legislation should clearly define roles and responsibilities for each service provider in the integrated employment and training system. Specifically:

  1) CETA should provide training, retraining, or skills upgrading for eligible client groups, including structurally unemployed persons and displaced workers, and coordinate with community planning and economic development activities to ensure the availability of training that is responsive to existing and anticipated labor market demand.

     In the eight years since its enactment, CETA has overcome many barriers to effective service delivery, becoming in the process, an indispensible link in the employment and training system. Its sensitivity to community needs and its link to local government make CETA a primary impetus to effective employment and training service delivery.

  2) The Job Service should have a presumptive labor exchange role. It should match employer needs with and develop job opportunities for job-ready applicants. It should administer appropriate employer incentives such as tax credits and on-the-job training to encourage the hiring of hard to employ persons.

The Job Service's placement responsibilities should also include job search assistance programs and other supplemental services to job-ready persons who have difficulty obtaining work because of lack of interviewing or job search skills. The Job Service should also operate a comprehensive labor market information system that is relevant to the needs of an integrated employment and training system and which provides the local labor market information which is essential to successful local employment and training programs.

In addition, the Job Service should administer the Unemployment Insurance (UI) program and the work test, and should be responsible for developing alternative uses of UI that enhance recipients' immediate and long-term productivity and wages. Two such alternative programs are now underway in California: Work Sharing UI, which helps avert layoffs by paying prorated benefits for a limited period of time to workers whose employers have reduced their work week, rather than lay-off employees; and a new program that allows laid-off workers with obsolete skills to receive benefits while being trained in demand occupations.

For years the Job Service has provided a uniform delivery system for a standard array of labor exchange services in small as well as large labor markets. Its network has served as an indispensible channel through which new programs and new approaches to service delivery have been and continue to be uniformally and universally implemented. California envisions the statewide network of Job Service offices as an essential component of an integrated employment and training system.

3) WIN should provide intensive employment services to and coordinate training and other appropriate services for welfare applicants and recipients to minimize dependency and maximize economic self-sufficiency. Intensive employment services should include, but not be limited to: job search assistance, job development, financial assistance for training related costs, and assistance in obtaining a permanent job with labor market tests before and after training. Our own experience with the Job Search Assistance Program (JSAP) has convinced us that the needs of both employers and WIN applicants can best be discerned through an assessment process that includes a labor market test of employability. JSAP provides training in job search and interviewing skills to welfare applicants and sends them into the labor market. A significant number of these applicants find their own jobs, demonstrating the value of such a model built into the WIN program.

Out of our experience with the WIN program in California has grown an Employment Preparation Program (EPP). EPP seeks to reduce welfare dependency as quickly as possible for employable AFDC applicants by providing them with immediate job search assistance, job placement services, job listings, job counseling, and job training possibilities. We expect that many will gain employment before their first welfare grant. This and similar programs and approaches operated within the WIN framework have proven the efficacy of targeting intensive employment services toward welfare applicants and recipients.

4) Vocational education should prepare individuals for the labor force by giving primary consideration to providing training for occupations for which there is present or future labor market demand, and by providing occupational information and counseling to students.

Legislation that clearly defined the specific roles of CETA, the Job Service, WIN, and Vocational Education would help eliminate duplication and competition between these service providers and, at the same time, provide the foundation for a cohesive system.

- Legislation should establish uniform definitions for key terms used in various employment and training programs so that diverse programs share a common ground in program goals, reporting requirements and evaluation. Currently, for example, in calculating the programs placement rate, CETA takes the measurement against only those applicants for whom services are provided, whereas WIN receives credit for any individual who enters the system as an applicant. WIN receives credit for clients who place themselves in a job, while CETA and the Job Service do not. These differences make program coordination difficult and program comparison virtually impossible.

- Legislation should mandate a uniform management information system related to the entire employment and training system. Recent efforts to develop an effectively integrated employment and training service delivery system under the Economic Opportunity Pilot Project (EOPP) in Long Beach, California, were severely hampered by the fact that four different reporting systems had to be used to meet the reporting requirements federally mandated for the four programs involved in this effort. Reporting systems must be designed to meet operational needs yet incorporate each element in the employment and training system in order to establish a data base from which broad informational needs could be drawn.

- Legislation should allow for careful definition of performance standards within individual programs so that competition for placement credit, clients, and employers can be eliminated. Credit or partial credit should be given for activities that foster coordination among programs, as well as for services like counseling and job search assistance that enhance a client's current and future ability to fend successfully for himself/herself in the job market. Evaluation of each program based on the specific goals of that program, taking into consideration those activities that foster coordination among programs, will preclude the competition that now undermines the effectiveness of those programs. The credit system should be sufficiently flexible to provide extra placement credits for placing "hard to place" and CETA trained persons.

II. Coordination with Economic Development Efforts

As the principal providers of employment and training services, CETA, the Job Service, WIN, and Vocational Education should work in close partnership with local and state economic development activities. CETA's position in the community as an arm of local government gives the prime sponsor a natural leadership role in effecting a close local partnership. The Job Service should assist in this effort by providing statewide and local labor market information crucial to business and industry decisions concerning plant location and expansion. To ensure such coordination, we recommend that:

- Legislation should mandate such coordination between employment and training service providers and economic development activities.
- Legislation should authorize and promote appropriate access to labor market information to enable local program managers to plan effectively at the local level. The state role should be strengthened in the development of reliable local labor market estimates and projections which are not presently available. These include: accurate employment and unemployment statistics in local and statewide labor markets; demand projections for various occupations and industries in specific geographic areas; descriptive information on a wide range of occupations; and demographic characteristics of the employed and unemployed work force within each state and within local labor markets.
- Legislation should provide financial assistance to Governors through a consolidated grant mechanism for the development of labor market information necessary to ensure the effective planning and administration of state and local programs.

In addition, the Secretary of Labor should be responsible for the development of a national system for the generation, compilation, and dissemination of national, state, and local labor market information based upon the compilation of state administered labor market information programs.

III. Partnership with the Private Sector

A truly effective employment and training service delivery system, coordinated with local economic development activities, must work in close partnership with a third element, the private sector. The service delivery system must involve the private sector at the local level where programs are designed, developed, and implemented, as well as in labor exchange activities, so that workers are trained to meet real employer needs. For an employment and training system to effectively involve the private sector, participating agencies must become more aware of and tuned to existing market dynamics. Market demand dictates employability. Program success is contingent upon private sector participation and the private sector will participate only when the system responds to the same market forces that drive the private sector.

Only by exposing the employment and training system to the dynamics of the market can its effectiveness be determined. The assessment process, both before and after training, should include a labor market test of employability.

Specifically, we recommend that:

- Legislation should strengthen the role played by Private Industry Councils (PICs) in assessing and directing training programs to meet labor market needs.
- Legislation should authorize the exploration of various job trials strategies such as variable reimbursement rates for employers' on-the-job training costs. Reimbursements should begin at 100 percent, when appropriate, and diminish to 0 percent as the trainee becomes productive. Other strategies might include tax credits or work experience in the private sector, allowing trainees to work for profit-making employers.

Our experience in California suggests that greater private sector involvement in training programs ensures higher placement rates for trainees. One CETA project, funded in part and administered by the California Governor's Grant, demonstrates this idea. Project Harbor, run by the Los Angeles Unified School District Skills Center, provides training in the area of welding and steamship container repair. Close interaction with the private sector, including employer commitments to hire the trainees, has resulted in a 98 percent placement rate for course graduates. Another project, located in San Diego, has achieved an 80 percent placement rate through similar private sector involvement. The project, funded by the Governor's Grant and run by the San Diego County Technical Training Center, trains women and veterans as production machine tool operators and drafters.

In view of these and other successful programs closely involving the private sector, a clearer role for the private sector in employment and training is emerging. In my state, the California Worksite Education and Training Act (CWETA) has authorized $25 million for the period of September 29, 1979, to September 29, 1982, to provide entry level training for structurally unemployed persons, as well as upgrading for workers with inadequate or obsolete job skills. The program combines classroom instruction with on-the-job training at an employer worksite. The success of this model is apparent, since CWETA has placed about 90 percent of its graduating trainees in permanent, unsubsidized jobs.

California supports similar federal legislation that would allow for more private sector work experience and on-the-job training. Such job training programs should integrate classroom instruction with entry level and career worksite training.

- Legislation should promote means to involve small as well as large employers in employment and training programs. Such means might include subsidized job trials, job training, tax incentives, and OJT reimbursement strategies specifically tailored to the needs of small employers. In California, several Governor's Grant projects have demonstrated the success of providing small businesses with incentives to employ CETA eligible persons. For example, a Modoc County Project, which enabled small "mom and pop" businesses to hires CETA eligible youth, was highly successful in meeting both the needs of the participating small employers, as well as the CETA clients.

IV. Greater Flexibility in Eligibility Requirements

An integrated employment and training system must be able to recognize and meet the real needs of its clients. Eligibility requirements sometimes do not respond to major changes in the economy. In addition, various sections of the country face different employment and training problems and priorities. It is not always clear which program should serve which group of clients, and, too often, eligibility requirements impede successful delivery of key services at critical points.

A plant closure, for example, affects not only the community in which the plant is located but also surrounding communities in which workers at the plant typically reside. California, reflecting economic changes nationwide, has experienced many plant closures in the past few years. Consequently, many workers and communities have suffered economic dislocation. The effects of such dislocations are often calamitous. The affected worker loses his job and livelihood, necessitating increased unemployment benefits and other services. In many communities, like Salinas, California, a rash of plant closures can eliminate virtually all employment opportunities in the area for a substantial number of workers. In time, these workers may be forced to leave the area or seek public assistance.

Current CETA eligibility requirements severely restrict timely reaction to these catastrophic changes in local economies and appear to set program eligibility above employment as a goal. A prime sponsor in one jurisdiction may be able to develop a program to aid these workers once they become CETA eligible. However, unless prime sponsors in contiguous jurisdictions operate similar programs, workers residing in those jurisdictions cannot benefit.

In order to ensure that the employment and training delivery system can serve the persons who most need its services, we recommend that:

- Legislation should clearly designate which service provider is to serve which group of clients. It should enable employment and training programs to respond in a timely manner to significant disturbances in the local economy, such as plant closures or the immigration (including tertiary immigration) of refugees, that generate large numbers of job seekers needing considerable training or retraining.

- Legislation should mandate a system whereby program managers can obtain timely waivers on eligibility requirements that prohibit service to clients not normally eligible, but for whom circumstances clearly justify service delivery. This system should include clearly defined standards and "sunset" provisions.
- Legislation should establish minimum standards for upgrade training as a percentage of total skill training, and should encourage skills transference services where appropriate.

V. Work and Training Programs for Youth

It is essential that the employment and training service delivery system respond adequately to the needs of youth. Continuing youth unemployment, particularly in the inner cities, remains a serious problem. We are very interested in employment and training strategies that help bring about a solution to this problem, and in improving young workers' adjustment to the labor market. We believe that it is essential that youth programs continue to receive appropriate levels of funding, to be determined according to local needs.

Here, I refer the subcommittee to previous testimony which I, on behalf of my Department, submitted on March 16, 1981, in support of legislation to extend CETA Title IV youth programs. In this context, once again, I would like to discuss particular youth employment strategies which we have found successful in California and to emphasize the value of incorporating them into national legislation.

My Department administers the California Lockyer Youth Employment Program, as well as various youth programs under CETA. We have found that the California program, because of its greater emphasis on private-sector employer involvement, has produced a significantly higher percentage of jobs for youth.

During Fiscal Year 1980, 119,792 youths were served in California under Title IV (YETP, YCCIP, and SYEP) at a cost of $110,694,795, or approximately $925 per participant. The positive termination rate for the Title IV programs was 80 percent (95,966), with 12 percent (10,048) entering employment. During the same period of time, the State CETA Office operated the State Youth Program, combining Federal CETA Title IV funds and State general funds, and served 5,099 participants at a total cost of $7,045,582, or $1,138 per participant. This program's positive termination rate was 76 percent, with 45 percent entering employment. One of the major factors contributing to the higher rate of entered employment in the State Youth Program is the flexibility in the State legislation that allows for closer ties with the private sector.

The State legislation has enabled us to test models not allowed under Federal regulations. We have implemented variations on traditional

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training programs should integrate classroom instruction with entry level and career worksite training.

- Legislation should promote means to involve small as well as large employers in employment and training programs. Such means might include subsidized job trials, job training, tax incentives, and OJT reimbursement strategies specifically tailored to the needs of small employers. In California, several Governor's Grant projects have demonstrated the success of providing small businesses with incentives to employ CETA eligible persons. For example, a Modoc County Project, which enabled small "mom and pop" businesses to hires CETA eligible youth, was highly successful in meeting both the needs of the participating small employers, as well as the CETA clients.

IV. Greater Flexibility in Eligibility Requirements

An integrated employment and training system must be able to recognize and meet the real needs of its clients. Eligibility requirements sometimes do not respond to major changes in the economy. In addition, various sections of the country face different employment and training problems and priorities. It is not always clear which program should serve which group of clients, and, too often, eligibility requirements impede successful delivery of key services at critical points.

A plant closure, for example, affects not only the community in which the plant is located but also surrounding communities in which workers at the plant typically reside. California, reflecting economic changes nationwide, has experienced many plant closures in the past few years. Consequently, many workers and communities have suffered economic dislocation. The effects of such dislocations are often calamitous. The affected worker loses his job and livelihood, necessitating increased unemployment benefits and other services. In many communities, like Salinas, California, a rash of plant closures can eliminate virtually all employment opportunities in the area for a substantial number of workers. In time, these workers may be forced to leave the area or seek public assistance.

Current CETA eligibility requirements severely restrict timely reaction to these catastrophic changes in local economies and appear to set program eligibility above employment as a goal. A prime sponsor in one jurisdiction may be able to develop a program to aid these workers once they become CETA eligible. However, unless prime sponsors in contiguous jurisdictions operate similar programs, workers residing in those jurisdictions cannot benefit.

In order to ensure that the employment and training delivery system can serve the persons who most need its services, we recommend that:

- Legislation should clearly designate which service provider is to serve which group of clients. It should enable employment and training programs to respond in a timely manner to significant disturbances in the local economy, such as plant closures or the immigration (including tertiary immigration) of refugees, that generate large numbers of job seekers needing considerable training or retraining.

- Legislation should mandate a system whereby program managers can obtain timely waivers on eligibility requirements that prohibit service to clients not normally eligible, but for whom circumstances clearly justify service delivery. This system should include clearly defined standards and "sunset" provisions.
- Legislation should establish minimum standards for upgrade training as a percentage of total skill training, and should encourage skills transference services where appropriate.

V. Work and Training Programs for Youth

It is essential that the employment and training service delivery system respond adequately to the needs of youth. Continuing youth unemployment, particularly in the inner cities, remains a serious problem. We are very interested in employment and training strategies that help bring about a solution to this problem, and in improving young workers' adjustment to the labor market. We believe that it is essential that youth programs continue to receive appropriate levels of funding, to be determined according to local needs.

Here, I refer the subcommittee to previous testimony which I, on behalf of my Department, submitted on March 16, 1981, in support of legislation to extend CETA Title IV youth programs. In this context, once again, I would like to discuss particular youth employment strategies which we have found successful in California and to emphasize the value of incorporating them into national legislation.

My Department administers the California Lockyer Youth Employment Program, as well as various youth programs under CETA. We have found that the California program, because of its greater emphasis on private-sector employer involvement, has produced a significantly higher percentage of jobs for youth.

During Fiscal Year 1980, 119,792 youths were served in California under Title IV (YETP, YCCIP, and SYEP) at a cost of $110,694,795, or approximately $925 per participant. The positive termination rate for the Title IV programs was 80 percent (95,966), with 12 percent (10,048) entering employment. During the same period of time, the State CETA Office operated the State Youth Program, combining Federal CETA Title IV funds and State general funds, and served 5,099 participants at a total cost of $7,045,582, or $1,138 per participant. This program's positive termination rate was 76 percent, with 45 percent entering employment. One of the major factors contributing to the higher rate of entered employment in the State Youth Program is the flexibility in the State legislation that allows for closer ties with the private sector.

The State legislation has enabled us to test models not allowed under Federal regulations. We have implemented variations on traditional on-the-job training, including (a) 100 percent reimbursement to employers and (b) an initial 100 percent reimbursement rate with a declining percent after the first three months. Nine of thirteen of the State-sponsored work experience projects used work experience in the private sector, and for the first time in some of the projects we also incorporated short-term "job trials" in the private sector.

Results from our model programs indicate that employers are reluctant to hire youth for a variety of reasons. Frequently, employers perceive youth to be less reliable than adults and less in need of a job. Furthermore, lacking a work record, youth have difficulty convincing employers to hire them. In evaluating a number of State-funded projects, we found that employer perceptions changed once they had an opportunity to work with the youth; we also found that positive terminations are higher when private-sector employers are involved. Results were especially favorable in projects where fully subsidized short-term work experience used as "job trials" created an incentive for private employers to participate as a training site, and in transitioning youth into on-the-job training. These job trials were a means for private employers to observe the participant in a work setting before making a commitment to train and, perhaps later, hire. Of those youth participating in job trials, 58 percent were employed when they left the project, compared to the overall average of 45 percent. Training that emphasizes the acquisition of both job skills and good work habits seems to provide an excellent opportunity for youth to secure unsubsidized employment, since many employers are as concerned with positive work habits as with skill level. Project evaluations also indicate that work experience in the private sector is more likely to result in a job than work experience in the public sector. The rate of entered employment closures for participants in the private sector was nearly double the rate for participants in the public sector.

These findings reinforce my previous discussion of involvement with the private sector and strategies employed through the California Worksite Education and Training Act.

In order to help ensure more effective employment training for youth, California recommends that:

- Legislation should ensure that youth programs receive appropriate levels of funding, based upon locally determined needs.
- Legislation should allow for subsidized private sector work experience and greater flexibility in reimbursing private employers for on-the-job training for youth programs;
- Legislation should provide for integrating educational and training resources with job opportunities to bring unemployed youth into the economic mainstream. Such strategies would include:
  1) Redirection of vocational training to place greater emphasis on worksite education;

2) Redesign of current high school career preparation programs to assist in school-to-work transitions;

3) Improved career education programs; and

4) Expansion of work-experience programs aimed at reaching inner city minority youth, disadvantaged rural youth, school dropouts, and teenage parents.

In conclusion, I hope that my testimony has helped persuade this subcommittee that a fully integrated employment and training delivery system, with clear and complementary roles for CETA, the Job Service, WIN, and Vocational Education, is a national priority for the 1980s. Furthermore, I hope that you will carefully consider the recommendations I have offered to develop such an integrated system, which would work in coordination with local economic development and in close partnership with the private sector, while responding to the real needs of workers and job seekers.

Thank you very much for the opportunity to present you with this testimony.

CENTRAL
FLORIDA
EDUCATIONAL
CONSORTIUM
FOR WOMEN

September 22, 1981

1011 Wymore Road · Suite 207 · Winter Park, Florida 32789
Telephone: (305) 628-8511

Violet Thompson
Senate Subcommittee on
Employment and Productivity
4230 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Ms. Thompson:

The attached statement is submitted to express the concerns of the Central Florida Educational Consortium for Women concerning the problems faced by women in the work force. The Consortium had hoped to express these concerns directly to the Senate Subcommittee on Employment and Productivity at the public hearing in Orlando, Florida which was scheduled for July 17, 1981. Unfortunately this public hearing was cancelled. The Consortium hopes that by submitting this statement to you that the concerns will be conveyed to the Subcommittee members and included in the records of their activities.

Sincerely,

Susan A. Skambis

Susan A. Skambis, Program Director
Central Florida Educational
Consortium for Women

SAS:jlg

Enclosure.

Brevard Community College • Rollins College • Seminole Community College
University of Central Florida • Valencia Community College
Central Florida Commission on the Status of Women

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SENATE SUBCOMMITTEE
ON
EMPLOYMENT AND PRODUCTIVITY

As Senators, you are aware of the U. S. Dept. of Labor statistics concerning women workers, that 60% of all women between the ages of 18 and 65 are currently working to support themselves and their families and that this number increases every day. Paid employment is not a hobby for women but an economic necessity. Women are entitled to the same employment opportunities as men - 1) the chance to get a job for which she is qualified, 2) the chance to be paid the amount that the work is worth and 3) the chance to perform the job without danger or harassment.

While state and local governments may be better able to determine the employment needs of their residents, it is vital that the federal government create a unified national employment policy which guarantees equal employment opportunities to all citizens and protects the rights of all workers. State and local government can then use this policy as a guideline for development and implementation of programs and employment regulations, tailored to the needs of their communities. Guidance should be obtained from private industry on the types of jobs which are expected to have vacancies.

From its research on the effectiveness of the CETA program in providing service to female participants, the WEDGE Program found both successes and failures. In the cases where public service jobs were comparable to those available in the unsubsidized market and when the supervisor provided guidance and direction to the participant, the CETA program was successful in bridging the gap between unemployment and a full time, unsubsidized job. When the PSE position was created to provide an extra pair of hands for the sponsoring agency, successful transition to an unsubsidized job did not often occur.

Fair treatment of women workers has not happened on its own. It has taken federal regulations and programs to begin to ensure equal opportunities for women workers and we have the responsibility to continue on this path to equality in the job market. The needs of re-entry workers such as displaced homemakers must also be addressed so that they, too, can become productive members of the work force. When programs are cut to save dollars and regulations are eliminated to minimize the role of government in the life of the individual, it is vital to provide some other method to ensure protection of those rights currently guaranteed only by those programs and regulations.

EMPLOYERS'
NATIONAL
JOB SERVICE
COMMITTEE

POSITION PAPER: A NEW CONSOLIDATED NATIONAL EMPLOYMENT AND TRAINING SYSTEM

Submitted By
The Employers' National Job Service Committee

October 1, 1981
(Revised)

DICK WEBER, Chairperson
Manager of Administrative Services
Basin Electric Power Cooperative
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Background

The private sector has been actively involved helping the Job Service to improve its performance since 1971. Employers have demonstrated their support of and commitment to the Job Service through **volunteer** participation on local, state, regional and national Job Service Employer Committees (JSECs). More than 22,000 employers are now actively involved in 1,040 JSECs throughout the United States. These employers give in excess of 150,000 hours of time each month to help the Job Service improve its delivery and service capability to applicants and employers while helping to reduce unemployment.

A Job Service Employer Committee (JSEC) is a group of employer representatives formed to provide a link between the Job Service and the employer community. JSECs recommend to local Job Service offices changes designed to improve Job Service performance and help reduce unemployment. The objectives of Job Service Employer Committees are

1. to provide formal communication between the Job Service and employers;
2. to encourage employer participation in the Job Service delivery system;
3. to increase Job Service penetration of hiring activities in the private sector;
4. to stimulate cooperation between the private sector and the public sector to develop mutual appreciation of their respective roles; and
5. to improve Job Service productivity in its labor exchange function as a means of reducing unemployment.

The Employers' National Job Service Committee (E.N.J.S.C.) is composed of employer committee chairpersons from each of the 50 states and three territories. The Committee meets annually and elects a chairperson who serves a two-year term. The policy-making arm of the Committee is a steering committee composed of one employer chairperson from each of the ten federal regions, plus several at-large employer representatives appointed by the National Chairperson.

The objectives of the Employers' National Job Service Committee are to support local, state and regional Job Service Employer Committees by functioning at the National level to

1. maintain a dialogue with the U.S. Department of Labor and other appropriate agencies, groups and individuals about employer concerns in employment and training;
2. coordinate employer efforts and exchange information; and
3. seek solutions and make recommendations concerning employment and training related problems in need of national attention.

In April, 1981 the Employers' National Job Service Committee presented a brief position paper to Assistant Secretary of Labor, Employment and Training Administration, Albert Angrisani. The thrust of that paper was to point out the need for a comprehensive national manpower policy under which all employment and training activities are operated. As employers who pay substantial amounts through our FUTA taxes that finance 97 percent of the administrative cost of the Job Service, we feel strongly that we should have a voice in the future direction of national employment and training policy.

This paper is based on discussions held by employer committee representatives around the nation and as a result of discussions of the E.N.J.S.C. Steering Committee. All such discussions were by private sector volunteers who are familiar with the present in-place system, who are active members of J.S.E.C.s, Private Industry Councils, and other local and state employment and training advisory bodies.

We trust that this paper will make a solid contribution to the current dialogue about future employment and training policy and that every consideration will be given to our proposals.

Proposed National Employment and Training Goals

We believe a unified public labor exchange is essential to the economic well being of this nation and its diverse society. We also believe that for efficiency and effectiveness, a national labor exchange must have a primary objective that can be generally stated and clearly understood and that is measurable in order to facilitate performance evaluation and to determine the return on investment of the services offered.

Inherent in the national employment and training goals below is the need to prepare and then place individuals either directly into meaningful, unsubsidized jobs or into finite and short duration subsidized employment (OJT) or apprenticeship programs.

Based on current and projected employer needs, national employment and training goals should be to

1. prepare and place unemployed individuals based on their needs and abilities;
2. prepare and place employed individuals facing skills obsolescence and/or employer closures;
3. place employed individuals seeking upgrading and/or change for self-improvement; and
4. efficiently administer temporary income maintenance programs.

Proposed National Employment and Training Policy

Based on the goals we have stated for a national employment and training system, we believe that a national system should have as a foundation a national employment and training policy which provides a framework or set of guidelines by which such a system is governed and judged. Among those considerations as components of such a policy are the following:

1. Everyone has a right to avail themselves of public employment and training services. However, when there might be more applicants than training openings, selection for training should be based on **need**. The evaluation of need should be based on an individual's: (1) earnings during the most recent 12 months, (2) length of time without a steady job and (3) reason for leaving or loosing recent job(s);
2. Those more permanently out of work but able and qualified for existing jobs should be required to take those jobs or face elimination from income maintenance programs.
   Permanently unemployed individuals should be strongly "encouraged" to fill existing job openings. During periods when there are a significant number of unskilled or "entry-type" jobs in one or more large geographic areas of the United States, income maintenance programs should be provided only to those who are temporarily out of work or to those who physically cannot work. However, if the number of unskilled

or "entry-type" jobs in the country falls below a reasonable minimum level, then income maintenance benefits should be expanded to encompass a broader spectrum of the unemployed;

3. First priority for jobs in the U.S. should go to workers legally able to work in the U.S. Where alien certifications are necessary the certification process should be retained by the Department of Labor;
4. A national employment and training system should not require the selection, training and placement of specific targeted groups to the exclusion of others. Goals for targeted groups (such as minorities, females, disadvantaged, veterans) should be directed by the federal government toward employers, and employers would then request and hire the proper numbers of targeted individuals to fill existing openings;
5. National programs should be designed to support the concept that the primary and secondary schools should provide most of the educational preparation for work and that the work place provides most of the occupation-specific training;
6. Within the framework of a national policy, employment and training programs should be managed primarily at the state and local levels; and
7. Distinctions as to whether jobs exist in the 'public' or the 'private' sector should be eliminated. Both should be treated as employers with a need to hire qualified individuals.

Recommended Attributes of a Consolidated Employment and Training System

The upcoming Congressional debate on CETA Reauthorization begs the larger question of what legislative changes and new administrative procedures might also be implemented to restructure, redesign and significantly improve the entire national employment and training program. If significant change to our national employment and training system is under serious consideration, the following concepts are respectfully submitted for consideration as an outline for a new approach to a consolidated national employment and training system.

All of these concepts are illustrated in "Figure 1" on page 6 which is a conceptual model of A Consolidated Employment and Training System.

Organization

1. Employment and training operational areas should be identifiable labor market areas. Each such local operational area should
   - A. be under the direction of a single administrator who has authority consistent with responsibility to administer all employment and training programs in that operational area.
   - B. provide a single centralized client intake point where each individual's needs can be accurately assessed.
   - C. provide a single delivery system to all employees.
   - D. provide a single point of contact with a given employer when performing employer relations, job development and placement activities. Strong, effective marketing techniques should be implemented to support these activities.
   - E. devise and incorporate elements and services which are closely coordinated, non-competitive and non-duplicative.
   - F. be afforded the flexibility to define its own programs which would best serve that area's specific applicant and employer needs, to design and

implement required training programs, and to refer qualified people in support of that area's employers' short range AND anticipated long range needs.

G. utilize a single advisory board consisting primarily of employers (both private and public sector) but which may also be comprised of additional representatives from local government, education, labor, economic development and other employment and training and community based organization activities operating in that labor area. This board should have a strong role in directing the development of employment and training policy and the evaluation of all aspects of operational area performance. Advisory boards should operate principally at the local level, but also operate at the state, regional, and national levels. Advisory board members should be elected up through the system to provide meaningful input to state, regional and national levels on performance of the system.

H. define and meet specific goals and cost-effective performance requirements, as defined by the state, in support of general national policies and goals.

I. be required to interface effectively and efficiently with community based organizations, economic development, enterprise zones, and vocational education activities, human services groups, and all primary and secondary education and training activities.

2. Reporting and paperwork requirements must be drastically reduced at all levels. A simplified performance reporting system should report results rather than a myriad of unnecessary detail.

3. The employment and training system should not be required to perform enforcement and compliance activities on employers. Any such activities should be the responsibility of other governmental agencies (for example, the Office of Federal Contract Compliance Programs).

Performance

1. At every level the cost-effectiveness and overall performance of all programs should be continually measured. Funding should be based, in part, on past performance.

2. FUTA tax funds should continue to be used primarily for placement and temporary income maintenance activities. General funds (with a negotiable percent of state matching funds) should be used primarily for training and employability development activities, although general funds could also be used to provide additional support to placement activities. The requirement for partial matching with state funds should help ensure the cost-effectiveness of the employment and training system would be of strong concern to both the state as well as the federal government.

3. Advisory boards (consisting primarily of employers) should have significant input on matters relating to planning, funding and performance evaluation at the local, state and the national levels.

Funding

A funding formula should take into consideration: (1) the need to provide adequate temporary maintenance and to prepare and place currently unemployed persons into existing jobs, (2) the need (in various geographic areas) to train people to meet future job requirements and skills, and (3) the need to provide an incentive for (and to reward) excellent sustained performance.

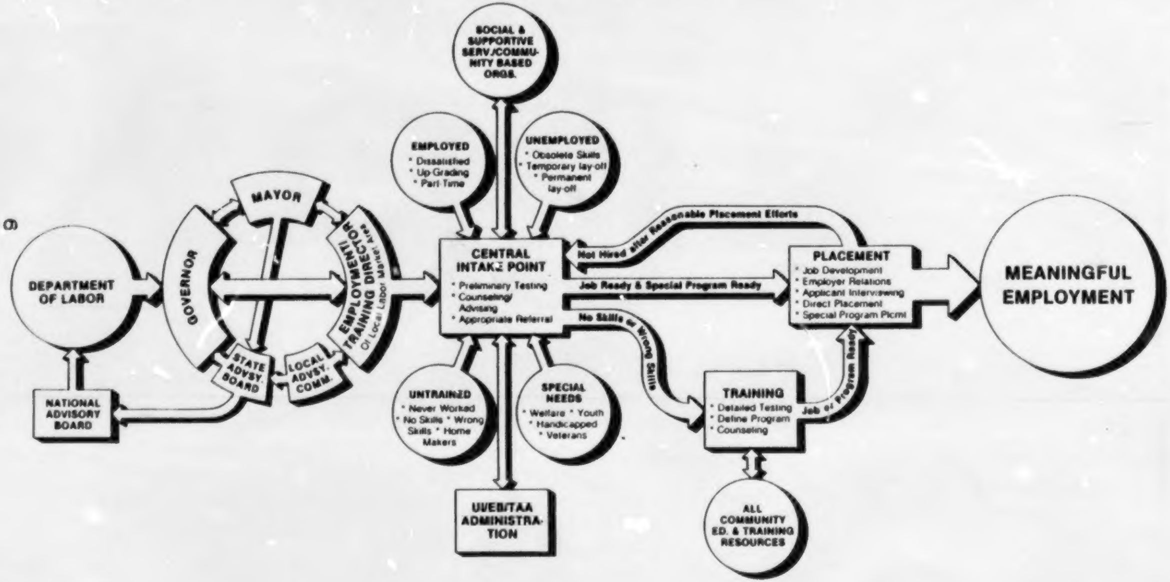
The employment and training system should be funded through dual block grants from the federal level to the governors of each state. One of these dual grants should consist of FUTA tax dollars which should be used for placement, intake and temporary income maintenance program activities. Funding should be based on a formula incorporating: (1) number of placements, (2) cost per placement, (3) potential for placements in that area, and (4) the unemployment rate. Annual performance criteria would be inherent in the above funding criteria.

The other segment of the dual grant could consist of federal general funds to be used primarily to support education and training activities. These funds, however, could also be able to be used, as necessary, to support intake and placement activities. This grant could also require a variable matching state funding amount based on the percent of students completing 12th grade and the average reading and math test scores of those graduating students in a given state. In other words, the better a given state performs in educating its youth, the lower the level of matching state funds required. This funding to each state could be based on: (1) a formula incorporating the number of unemployed per present and projected long range job openings and (2) a factor to reflect past performance. Performance could be measured by defining training credits (similar to high school or college course credit hours) for each type of training. Accumulated successful training credits performed would then be divided by the total cost, generating an average cost per completed credit.

Figure 1.

Consolidated National Employment & Training Model

(9)


SOCIAL & SUPPORTIVE SERV./COMMUNITY BASED ORGS.
EMPLOYED
* Dissatisfied
* Up-Grading
* Part-Time
UNEMPLOYED
* Obsolete Skills
* Temporary lay-off
* Permanent lay-off
MAYOR
DEPARTMENT OF LABOR
GOVERNOR
EMPLOYMENT/TRAINING DIRECTOR
Of Local Labor Market Area
STATE ADVSY. BOARD
LOCAL ADVSY. COMM.
NATIONAL ADVISORY BOARD
CENTRAL INTAKE POINT
* Preliminary Testing
* Counseling/Advising
* Appropriate Referral
Not Hired after Reasonable Placement Efforts
Job Ready & Special Program Ready
No Skills or Wrong Skills
PLACEMENT
* Job Development
* Employer Relations
* Applicant Interviewing
* Direct Placement
* Special Program Plcmt
MEANINGFUL EMPLOYMENT
UNTRAINED
* Never Worked
* No Skills * Wrong Skills * Home Makers
SPECIAL NEEDS
* Welfare * Youth
* Handicapped
* Veterans
TRAINING
* Detailed Testing
* Define Program
* Counseling
Job or Program Ready
UI/EB/TAA ADMINISTRATION
ALL COMMUNITY ED. & TRAINING RESOURCES

Responses to Remaining Legislative Issues

1. What is the appropriate role of the private sector?

First, distinctions between the private and public sectors should be minimized. Reference should be made to employers, private or public, who have jobs to fill. The needs of each are essentially the same; finding or preparing qualified applicants who will perform satisfactorily.

Since employers provide most of the occupation-specific training, it is imperative that employers should be encouraged to continue and expand their training efforts. Tax credit programs (similar to the TJTC program) should be expanded and given a chance to work and have their effectiveness evaluated not only during the recent past recessionary times but also during an expanding economy.

Employers should also play a key advisory role in the operation of the training and delivery system - from planning through evaluation - including program development, goal setting and implementation and program monitoring. Meaningful employer involvement, mutual education and an ongoing dialogue should help to sustain continued improvement in the design and performance of a consolidated employment and training system.

2. What should the federal management responsibilities be?

The federal government should play an auditing and a supportive role: establish a framework within which state and local entities may operate with flexibility and yet some degree of continuity; assist in communication of broad national objectives; coordinate allocation of resources; reduce federal paperwork and reporting requirements to a minimum; monitor and evaluate performance and evaluate progress toward the broad national goals and objectives.

Maximum responsibility for the management of programs should be at the state and local levels where actual individual community needs are more readily identifiable. States should be held accountable for efficient program performance.

3. What are the economics of employment and training investments?

There are many, many job openings in these United States, and there are also many, many people who are unemployed. It may take a generation or more to improve the school system, to reinstill national pride and the work ethic in many who will be entering the labor market and to turn around the culture of the "now generation".

Reduced unemployment, reduced unemployment compensation payouts, reduced welfare payouts, increased national productivity and reduced crime are ALL possible. All should be used to measure the success of a national employment and training program. Achieving these desired results must be a nationwide task. The good probability that these goals can be achieved, in time, justifies continued efforts to redesign and improve our national employment and training system.